

The  
CIVIL SERVICE  
in the  
CHANGING  
STATE



*A Survey of Civil Service Reform  
and the Implications of a Planned  
Economy on Public Administration  
in England*

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of Economics*

THE CIVIL SERVICE seems fated to be more talked about than understood, and that is a dangerous circumstance at a time when the state assumes an ever-increasing responsibility and control in all spheres.

In a useful bibliographical section Mr Greaves lists the best histories of the civil service, and studies of particular problems connected with it. *The Civil Service in the Changing State*, however, comes in neither category, for it constitutes a survey of the way in which the key principles of civil-service organization have been painfully evolved and applied, and (which is most vitally important to every one in the United Kingdom) how they can be effectively adapted to meet radically changing conditions.

The author points out that the 19th Century state never truly existed. It was an illusory period between the interfering paternalism of the 18th Century and the social-service democracy of the 20th Century, which in reality overlapped one another. The breaking down of class monopolies in other walks was reflected in the transition from a system of patronage in filling civil service appointments, towards one of competition, which—although it has never yet quite produced equality of opportunity—has had the effect of cleaning up and integrating into a single service what was previously a chaos of separate departments, boards, and commissions. All the contributory parts of this process are here traced, with full documentation, to give a coherent presentation of an evolution caused by the forces of history and social necessity, but which still has important outstanding problems to cover.

Having charted the process of reform and development up to the present day, the author further unrolls his route map, so to speak, to show how basic principles

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Implications of a Planned Economy on Public  
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BY  
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To  
WARREN FISHER

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## CHAPTER I

### Introductory :

#### The Civil Service in the Nineteenth-century State

##### (i) *Analytical*

THERE can be little doubt that the principles of civil service organization enunciated in the middle of the century were broadly suited to the needs of the nineteenth-century state as these were understood at the time. The state was to maintain law and order at home and sufficient armed force—which was to say mainly naval force—to prevent invasion and defend commerce. The enforcement of contracts freely arrived at between citizens, and the protection of private property, were its main, if not its sole, duties. This meant a judicial and police system and the means of punishing offenders. It meant some regulation of the conditions in which contracts were made to prevent fraud, extortion, or other unfair practices. It meant, too, some protection of the weak—women and children—against inhuman treatment; and therefore such things as regulation of factory conditions and inspection for enforcement. There might also be some regulation of sanitary conditions in the common interest. The state could not avoid some responsibility for the poor, the ill, and the aged, but this should be as far as possible a residual responsibility interfering neither with individual self-help nor with private charity. Concern with some communal requirements was inherited from earlier times, such as care of highways, and it was judged more economical that these should be on a public employer and private employee basis than on one of an enforced labour contribution.

Such activities as these last, whose justification lay in the claims of the weak, or in economy, or in the fact that health was a common interest, could not be limited by any hard-and-fast definitions. How far, for instance, did cholera epidemics justify interference

with the property rights of water companies? The idea that private profit was equivalent to common advantage occasionally broke down too obviously for this to be indefinitely overlooked. The door could not be entirely closed to the extending of public activity. The dividing line between a negative regulation to prevent evil consequences and a more constructive intervention to secure common advantages was not easy to draw. But it was not from the state, or, indeed, from any form of public authority, that the initiative and inventiveness that make for a progressive society were expected. The state was to maintain the social fabric and regulate behaviour under it, with a minimum interference on its part in the affairs of those who produced the wealth and so ensured the progress of society. The state function, in other words, was regulatory; it was not to organize communal services, nor did it call for technical skill or inventive and enterprising minds.

There is a certain elusiveness, however, about the nineteenth century. That arises partly because it was a period of transition. In part the cause is the contrast between ideas and what was increasingly proving necessary in practice. "Throughout the last seventy years of the nineteenth century the state was rapidly undertaking new social functions, rendered necessary by new industrial conditions in an overcrowded island; but the real strength and felicity of the Victorian age lay less in that circumstance, important as it was, than in the self-discipline and self-reliance of the individual Englishman, derived, indeed, from many sources, but to a large extent sprung from Puritan traditions to which the Wesleyan and Evangelical movements had given another lease of life. 'Self-help' was a favourite motto with leading and characteristic men in all classes." This diametric opposition between precept and the trend of social development in practice makes it peculiarly difficult to discover or define the typical or unifying qualities of the period. "If any real unity is to be ascribed to the Victorian era in England, it must be found in two governing conditions: first, there was no great war and no fear of catastrophe from without; and secondly, the whole period was marked by interest in religious questions and was deeply influenced by seriousness of

thought."<sup>1</sup> Thus it is striking that the attempt of a leading historian like Professor Trevelyan to mark out its distinctive features should lead him to mention neither *laissez faire* individualism nor the lack of a social consciousness; and there can be no doubt that he is right in this, however much it might have been said in theory that the state was not concerned with the direct provision of welfare or the direct production of goods or services.

For the most curious fact about this nineteenth-century state is that it never existed. Historians may chase it and try to set limits of time and place upon it, but they do not succeed. It eludes them between the oligarchic maladministration and interfering paternalism of the eighteenth century, on the one hand, and the social service democracy of the twentieth century on the other. For the former was not dead before the latter had been born. If 1870 be taken as a central date public health had already, under the inspiration of Chadwick, begun long since to be accepted as a state charge. So had the control of working conditions. A start was just being made with the creation of a national system of education. And all this was true at a time when the first consistent attempt was being made to put an end to the eighteenth-century corruption and privilege, confusion and inefficiency in civil service and administrative organization. The application of the cardinal principles of civil service reform took place between 1870 and 1920, and was still being carried further afterwards. At that very time the regulatory state for which they were devised was well advanced in the process of being converted into the social service state for which they were inadequate. It was in this period too that there occurred the greatest expansion not only in that national economic service, the Post Office, but in direct supplies for the armed services, in state workshops. It would be true to say that the idea of the nineteenth-century state was, in its different aspects, translated only to a varying and sometimes imperceptible extent into political reality.

Yet the importance of the nineteenth-century state, transitional though it is in its nature and difficult to place in time, lies in the

<sup>1</sup> G. M. Trevelyan, *English Social History* (1944), p. 509.

fact that it existed in men's minds. It corresponded to the current of political thought expressed in the realm of theory by Herbert Spencer, T. H. Green, or the earlier John Stuart Mill, and in practice to the main premiss of both political parties. Even though there might be said of it what Madame de Staël had remarked of the constitution under the old French monarchy that "*elle n'avait jamais été qu'enfreinte*," it existed as a pattern which exercised great influence on social behaviour and political organization. It was the function of the state to render to business the whole field of enterprise and to private property the whole use and control of the national patrimony. Society in its political aspect was regarded as in its nature static ; that it should be so was indeed the condition of its being in its other aspects dynamic, progressive.

Such a conception of the state naturally governed men's ideas as to what were the functions to whose performance the state official should be fitted. It guided those who were responsible for administrative reform in determining the character of the reforms they made. To examine the criticisms of those reforms is to discover not only those which came from the defenders of tradition and patronage, and which were to be expected, but the doubts of men who, like Chadwick, had some idea of a less negative and more enterprising kind of state and who wanted more from its officials. At the time, however, reform succeeded because it suited actual needs as they were understood. And these needs were, in the main, impeccable honesty, scrupulous administration of the law without any uncomfortable disposition to make searching inquiry into its social justification, and, at least at the higher levels, a social compatibility with ministers. In short, the qualities required were static and not dynamic. Of the innovation of choosing men by an examination of scholastic ability, as a later Civil Service Commissioner was to say, "the experiment was justified by success, but something must also be allowed for times of unusual quiet."<sup>1</sup> In such times less is demanded of the state official. The problems connected with him—selection, training, promotion—are fewer, less urgent, and more easily soluble. Yet they existed, neverthe-

<sup>1</sup> Sir Stanley Leathes in *Journal of Public Administration*, Vol. I, p. 348.

less, as successive inquiries have proved. For instance, "promotion was slow, and many must have found their finer intellectual powers blunted before they came to tasks requiring either initiative or responsibility."<sup>1</sup> But even if it were responsibility—and that is doubtful because responsibility was the minister's—it certainly was not initiative that was thought of as among the most vital qualities needed in the official of the nineteenth-century state.

(ii) *Historical*

The story of civil service reform divides conveniently at the year 1848. In a sense the years from then until Gladstone's Order in Council of 1870 can be regarded as the gestation period of the modern civil service which was born in that year. But the conception of the guiding principles of its construction belongs to the revolutionary period of the earlier date. A similar period at the end of the eighteenth century saw the first beginnings of reform. It was then that there started the preliminary process of cleaning up the worst abuses without which the later development would have been impossible. A succession of commissions and select committees led to minor reforms, the cumulative effect of which was considerable. In that movement one of the principal parts was played by Burke, whose *Plan for the Better Security of the Independence of Parliament and the Economical Reformation of the Civil and other Establishments* is one of the first writings on the subject. The commission to inquire into public accounts and the emoluments of offices of 1780 was followed by a series of others. In particular, reports were issued on abuses in public offices in 1792–93, and collected and republished in 1806. Among the more important were the select committees on finance of 1797 and 1817 and on sinecure offices of 1810.

The general picture painted by these investigations was of the most chaotic complexity, full of abuses which cried aloud for reform and which only an astonishing respect for tradition and vested interest could have permitted to endure so long.

<sup>1</sup> *Ibid.*, p. 352.

Sinecures were many, and highly expensive to the state, in some cases dating from Tudor times or even the Middle Ages. The duties of some offices were regularly farmed out to deputies to the great pecuniary advantage of their proprietors. Numerous offices were remunerated by fees or taxes with no relation between the value of the work performed and the pay received. Payment in other cases was by way of agencies or commissions with the same result. Valuable perquisites attached to some appointments. Even where officials were paid by salary there was often no consistency or proportion between pay and duties. Pensions showed the same divergencies. Entirely different practices prevailed as to hours of work and holidays. Since all public offices were organized independently and were subject to no common supervision except that of Parliament, there was no administrative means of bringing order or proportion into this inherited chaos.

Hopeless confusion prevailed in the keeping of accounts, some of which were still kept in Latin. There was no effective audit, but at best a check on arithmetic. As Burke said in 1780, "neither the present, nor any other First Lord of the Treasury, has ever been able to make a survey, or make even a tolerable guess of the expenses of government of any one year, so as to enable him with the least degree of certainty, or even probability, to bring his affairs into compass." Not only was it impossible to bring accounts together so as to establish and balance an annual budget, but there was no effective control over expenditure nor means available to the Treasury to ensure legality.

Fraud, corruption, and inefficiency were the result of these conditions. Appointment was by patronage, with the requirement only in the rarest cases even of formal qualifications. The sale of public offices was an accepted practice. A measure of how unsuitable the persons filling official posts were apt to be can be gleaned from the reforming Minute of the Treasury of 1820, which laid it down that men previously convicted of revenue offences ought not to be appointed as customs officials.

The process of cleaning-up took two courses. The first was the reform of accounting methods, and by the end of the period a fair

measure of order and intelligibility had been introduced into the nation's accounts. That is to say, similar forms and accounting periods had been imposed on the departments and a beginning made in the organizing of effective Treasury control. Antiquated ways of keeping accounts, which in some cases had not been changed since Elizabethan times, had at last been reformed and submitted to Treasury direction.

Secondly, the most glaring defects of the old system of patronage had been removed. Suggestions of further improvement were beginning to be mooted. Experiments in new procedure had even proceeded in some public offices. Precepts, though as yet without the knowledge of how to make them administratively effective, had begun to emerge. But in the main such reform as there had been was negative. Many sinecures had been abolished and the sale of offices condemned. Graduated salaries had replaced payment by fees and commissions in some offices and been recommended for others. A superannuation Act had been passed : pensions had been instituted on a basis proportionate to salary and length of service. Treasury minutes had been issued recommending promotion by merit. Although patronage for appointments was still the prevailing practice, some inroads had begun to be made into it. Causing much hostility, Sir James Graham, at the Admiralty, had introduced the practice of making appointments irrespective of party claims. And already entry into service in the East Indies was governed by the principle of open competitive examination.

Such instances of the clearing up of the worst scandals of the old aristocratic order were dictated by the political ideas of a new order of society which had had their chief triumph in the victory of Parliamentary reform in 1832, but which, in terms of the principles of administrative organization, had yet to be clearly enunciated. Only partially were they an attack on privilege. More important was their aim of achieving economy and efficiency. They represented a tempering of the romantic ideas of 1789, of justice and equality, by the rational utilitarianism of the middle classes. Bentham's *Official Aptitude Maximised, Expense Minimised*,<sup>1</sup>

<sup>1</sup> Also his *Constitutional Code*, Book II, Chapter 9.

World War. Professional qualifications and control of appointment by the Civil Service Commission were to meet the case of the second.

The Order in Council of 1876 carried further the effective grading of the service as a whole. It laid down regulations for the recruitment of the lower division which was to become a grade common to the service, and which was gradually introduced into all departments. Unification thus became an accepted principle.

Neither the Playfair nor the Ridley Commission approved of the rigid division of the service, and both favoured some measure of promotion from the lower to the higher grade. Such promoted persons, it was thought, however, should be few in number relatively to those who entered by competition. The Lower Division was renamed the Second Division and split into two grades, executive and clerical, the former having duties described as of supervision as compared with those of management attributed to the first division by the Ridley Commission.

Further stages in the policy regarding promotions were marked by the endorsement given by both the MacDonnell and Tomlin Commissions to the principle that there should continue to be separate recruitment to the highest grade from the university graduate level, and by the agreement on promotions of the National Whitley Council of 1921. The latter laid it down that there should be annual reports on every officer with a salary of £700 or less, upon the basis of which promotion from one grade to another was to be made. There has also been the growing practice of establishing departmental promotion boards. And since 1920 appointment to all the highest posts in the service has required the approval of the Prime Minister acting on the advice of the Permanent Secretary to the Treasury.

In this way, once more, the principle of a unified service has received endorsement. Since the Order in Council of 1920 common grades have become characteristic of the service, although for reasons of exceptional specialism departmental grades in some instances have been retained.

(iii) *Bibliographical*

The history of the civil service has been written more than once. There is, for instance, the useful account of the developing principles of its organization in *The History of the Civil Service*, by R. Moses (1914), which describes the processes of change in the latter part of the nineteenth century and up to the time of the Royal (MacDonnell) Commission of 1912 to 1914. *From Patronage to Proficiency in the Public Service*, by W. A. Robson (1922) carries the study a valuable step further, including the reconstruction which followed the First World War and which consisted to a considerable degree of an implementing of the MacDonnell recommendations. A convenient short summary of the structural changes up to its date is to be found in the first pages of the *Fourth Report of the MacDonnell Commission* (Cmd. 7338 of 1914). For the latest official full-scale description of its structure there is the *Report of the Royal [Tomlin] Commission on the Civil Service* (Cmd. 3909 of 1931), and the memoranda, especially that from the Treasury, which were submitted in evidence. *The Growth of the British Civil Service* (1780–1939), by E. W. Cohen (1941), is a brief but compendious account which both carries the story farther back and brings it more up to date. In *The Higher Civil Service of Great Britain*, by Harold E. Dale (1941), is to be found an interesting inside view of the subject, revealing because of what it describes and because of the author's approach, being himself a higher civil servant. Much illumination and suggestive comment is in the all-too-few pages of *A Hundred Years of English Government*, by K. B. Smellie (1937), devoted to this subject.

Still more has been written on special aspects of civil service organization or the work and structure of particular branches of the service. Examples are *Whitley Councils in the British Civil Service*, by L. D. White (1933), and *Training Public Employees in Great Britain*, by H. Walker (1935). *The Last Thirty Years in Public Health*, by Sir Arthur Newsholme (1936), and *The Building of a Nation's Health*, by Sir George Newman (1939), treat of the

work of one branch of the service ; *Diplomacy in Fetters*, by Sir Victor Wellesley (1944), of another ; and *The Colonial Empire and its Civil Service*, by Charles J. Jeffries (1938), as well as *Downing Street and the Colonies* (1942), a Fabian Society report, of a third. It would be possible to multiply such examples, particularly by adding articles and official papers.

What follows is neither a history nor the examination of a particular problem of the civil service, though inevitably it is a little of both. Rather is it a study in relativity—an attempt to see the key principles of civil service organization in relation to the administrative needs of the state existing at the time they were laid down, and to reconsider them in relation to present needs. Those principles belong to one period of reform and express the ideas which governed it. The coming of the social service state and the current development of a society with a large sector of socialized industry imply changes in administrative needs. It means a new period of reform. How do these principles, which are to be found mainly in the Northcote-Trevelyan Report of 1853, and the discussions which grew out of it, fit the needs that are being revealed in this new period ? What is the present judgment upon their results ? And what adaptations are now necessary in them or in the machinery of government through which they are implemented ? Such are the problems which some attempt is made here to consider.

## CHAPTER II

### The Northcote-Trevelyan Reforms and the Structure of the Civil Service

#### (i) *The Report*

THE Report of Sir Stafford Northcote and Sir Charles Trevelyan was, in the most literal sense of the word, an epoch-making document. From it we rightly date the creation of the civil service as it has been known for three-quarters of a century. John Stuart Mill, looking ahead, regarded the reforms it proposed as likely to produce the greatest single improvement in the machinery of government that could then be envisaged. Graham Wallas was to describe in retrospect the reorganization of which it was the inception as the greatest contribution of this country to the practice of politics in a century. There can be no doubt that Wallas's judgment has been endorsed by the most thoughtful students of the operation of the British system of government, although to-day the time has come for a re-examination of its finality. Undoubtedly, therefore, the Report offers a convenient watershed in the geography of administrative development, although, perhaps, there has been a tendency to make the separation between the preceding and the succeeding periods too complete. In fact, the country on both sides of the line dividing the system of appointment by patronage from the system of the competitive examination shows more similarity than has normally been admitted.

A tendency to exaggerate the significance of the Report must be avoided. Not only did it take seventeen years to implement the main principles, and much longer to carry out some of the secondary suggestions ; not only is it true that the fuller implications of the proposed unification of the service have still to be grasped and applied ; seen in its historic context, the Report must be regarded

as in one sense negative, for it was aimed at the removal of deficiencies revealed by past practice, even if it was directed to securing an efficient basis for the future, and to-day it would seem clear that the former object was more actively present in the mind of reformers than any careful prevision of the administrative needs of the developing social service state. To have expected such prevision would be no doubt to have demanded too much imagination and foresight. But the two signatories of the Report, the one educated at Haileybury, the other from Eton and Balliol, were influenced to the good as well as limited by their own past experience. The influence upon them of the older universities of Oxford and Cambridge, so recently reformed—an influence which was to be so heavily underlined in the recruitment of the administrative grade of the civil service which they helped to establish—had its defects as well as its advantages. Perhaps they were led by the recent university reforms to expect too much from them. It is worth noting in this connexion that Dr Jowett, whose scheme of examination as appended to the Report was to provide the foundation of the future operations of the Civil Service Commissioners, spoke of "our two English Universities"<sup>1</sup> a quarter of a century after a third university, in London (destined far to outstrip in size the older foundations), had been in existence.

There are other possible causes of exaggeration in estimating the significance of the changes brought about by the ultimate acceptance of Stafford Northcote and Trevelyan's Report. The persons to be found in the principal positions of the civil service in 1850, 1900, or 1930 did not differ markedly in type. Whether we can now say that the anticipated improvement occurred or whether, as far as this small upper section is concerned, any less complacent judgment is now called for than has long been accepted, is a matter for later examination; but it is clear that the changes were less than might have been anticipated, and that they were less indisputably for the better than has often been claimed. Again, while some of the forces in opposition to the Report were overcome, others were able to retain in the later period much

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 27.

which characterized the pre-reform service. An example of the former is the removal of the current fear that the proposed changes would lower the social tone of the service, while an instance of the latter is the continued success of departmentalism, or separatism, in preventing or delaying the process of unification.

Put at their briefest, the central ideas of the Report were four. First, competitive examination under a central control for the service as a whole was to replace the patronage of the heads of departments. It was recommended, secondly, that there should be a division of the service between those concerned with intellectual work and the more mechanical side of administration. Thirdly, the principle of unification was implicit in the suggestion for single recruitment of the service as a whole, in the suggested possibilities of inter-departmental promotion, and in the principles proposed for securing promotion generally by merit. The suggestions for securing promotion by merit constitute the fourth idea of reform ; they were the making of regular reports on each officer, the selection of a short list of names when a post had to be filled, and the recommendation that a reasoned statement should accompany the decision to make the final choice from the short list.

#### (ii) *Competition versus Patronage*

There is yet another reason why the revolutionary significance of the Report can be exaggerated. It should be regarded rather as a culmination of a development that had been in process since about 1780. The intervening period is marked by what is essentially a clash between two classes with widely-differing views about the functions of government, and therefore with often contrasting systems for carrying out the business of government. To the upper class, with its economic basis of land ownership, the giving of employment seemed a natural privilege attaching to their position of authority. The method by which they employed people in their own service was naturally proper for adoption when they were operating not as private gentlemen but as ministers of the Crown, or, indeed, as state officials of lower rank. The giving of

a job was part of the natural privileges of property ownership ; in fact, the gift, since it had an obvious money value, might be said to be a part of property itself, and that it was so regarded became clear when proposals to remove such patronage were made the basis for claims of financial compensation. Patronage was an accepted method of providing relations, friends, supporters, and dependants with a livelihood.

In contrast with this easy-going practice, and the accretion of a complex of offices and sinecures whose pay and duties were determined solely by tradition, was the whole attitude of the business community and the middle class ; and the Trevelyan Report must be seen as an aspect of this clash. Its main concern was with the elimination of patronage as exercised individually by members of the upper class. Whether its effect was to substitute another kind of patronage—a patronage socially rather than individually exercised—is a matter, again, to be examined later. What it did was to give the culminating expression to the effort to bring order, as it was understood by the middle class, into the organization of the public service, to apply business principles to state employment, and to replace by notions of an improved public morality that easy-going patronage which was labelled "corruption"; at its worst, the system did amount to corruption, although at its norm it was reasonably good, and at its best it may be said to have procured some of the ablest officials for the public service, men like Chadwick and Trevelyan himself. The reform was dictated by utilitarian ideas: a practice must be able to justify itself by proved usefulness ; and this justification was relative, for it meant that that method was most economical and efficient which produced the largest and best amount of service for the least expenditure.

As has been said, much had already been done to bring order into administration, and something to apply these newer principles. Most sinecures had been abolished. So had the sale of public offices, although the buying of commissions in the Army had yet to be ended, and the purchase of livings in the Church was to continue into the twentieth century. The farming out of duties had been stopped. Salaries, generally commensurate with duties,

had replaced payment by fees and gratuities, which were generally not. The unbelievably primitive accounting methods of some departments had been modernized. There was already some recognition of the Treasury's special concern with the practices of all departments, and some co-ordination of the public service as a whole was clearly implicit in this recognition. Similarly there had already been an attempt, in superannuation policy, to apply by legislation common principles throughout the service. Qualifying examinations were already the practice in some departments. Above all, for the Indian Civil Service the competitive system of examination was already in successful operation.

All this did not mean, however, that the need for further changes was recognized without serious opposition. The civil service contained many "sickly youths" and incompetent persons. Sir James Stephen, Under-Secretary at the Colonial Office and with thirty-five years' experience of the public service between 1812 and 1847, said that while the Colonial Office of his day contained a few very good officials, mostly recruited after they had made their mark outside, and chosen for merit and "well ascertained fitness," most were "incredibly low," having been chosen "to gratify the political, the domestic, or the personal feelings of their patrons."<sup>1</sup> The Northcote-Trevelyan Report itself argued that civil servants "are much better than we have any right to expect from the system under which they are appointed and promoted,"<sup>2</sup> but the need for a change from the old system of patronage, although widely supported, was opposed mainly but not exclusively by heads of departments. "Jobbing must be looked on as inherent in every system of government," said H. U. Addington, and "is a part, though an ugly part, of the price which a free people pay for their constitutional liberty"<sup>3</sup>. This was also the attitude of such a distinguished Whig as Earl Grey.<sup>4</sup>

Thus the idea that there could be private property in public offices had been undermined and its worst excesses terminated.

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, pp. 72, 73.

<sup>2</sup> The Northcote-Trevelyan Report (dated November 23, 1853), p. 5.

<sup>3</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 356.

<sup>4</sup> Earl Grey, *Parliamentary Government* (1864 ed.), Chapter VIII.

For the appointment to office, however, patronage on the part of the head of the department remained the rule, although there had already been some recognition that in the interests of a satisfactory conduct of public business the furnishing of some proofs of qualification, character, and physical fitness ought to be a condition of appointment. So that patronage itself was already beginning to have some inroads made upon its liberties. The further steps recommended in the Report, and the discussions following it, reveal how wide had been the progress made. Even the nature of the criticisms levelled against it show the development of the conception of the requirements of a public service which was to prevail. These discussions, because they show what was in the minds of those responsible for laying the foundations of the civil service as we know it, cannot but be a guide to the understanding of the system whose creation they inaugurated. The nature of this debate must therefore be considered.

### (iii) *What would Competition produce?*

That an open competitive examination was the best means of promoting efficiency in the service, because the surest way of supplying it with an able personnel, was the principal recommendation of the Northcote-Trevelyan Report. This, it was claimed, would so raise the level of civil servants that it would be possible to find from within their ranks men fit for promotion to the highest positions. It would be in contrast with the actual prevailing condition in which "when the chief of the office has to make an appointment of visible and immediate importance . . . he is not infrequently obliged to go out of the office and to appoint some one of high standing in an open profession."<sup>1</sup> Recruitment by open competition would achieve "the double object . . . of selecting the fittest person and of avoiding the evils of patronage."<sup>2</sup>

The Report was clear that a mere qualifying examination was no effective substitute because it imposed upon the examiner the

<sup>1</sup> Report, p. 7.

<sup>2</sup> *Ibid.*, p. 11.

invidious task of damning the prospects of a candidate ; a task in which he is naturally and constantly tempted to stretch a point in favour of the doubtful to the advantage of the candidate and the disadvantage of the state, whereas in a competitive examination he is only called upon to exercise the judicial function of placing the candidates in a list of descending merit. That the needs of the public service ought to be distinguished from the needs of a business was clearly a strongly held view : the profit motive does not operate on the public official, at any rate where he is not making an appointment to a post of immediate and obvious importance reflecting directly upon the efficiency of his own work, while the owner of a commercial business will suffer in his own pocket from unwise appointments. It was also argued—and this is characteristic of the appeal to economy which furnished so large a part of the force behind the movement for reform—that it would be better to secure a civil service within which promotion to the highest offices could be made without going outside, as had been the previous practice, because the services of an able person who has proved himself capable of earning well in an outside profession would have to be paid for more highly than those of an equally able civil servant.

Opposition to the general principle of instituting recruitment by competitive examination took several forms, but among those who accepted the assertion that the personnel of the service needed improvement the strongest view was that such improvement could be secured by less drastic methods, and methods less open to criticism on other grounds, particularly by instituting a better system of promotion. It was the argument of Sir G. C. Lewis that reform ought to be directed to promotion and not to recruitment. "It appears to me," he wrote, "that the great discouragement which operates on men of ability in the civil service is not so much the obscurity of the position or the insufficiency of the pay, as the system of promotion by seniority rather than by merit."<sup>1</sup> The general argument on this aspect of the proposals ranged around the claim that recruitment by competitive examination would open careers to talent, around the allegation that it would

<sup>1</sup> Parliamentary Papers, 1854–55, Vol. XX, p. 121.

produce a "low type" socially, and around the notion that it would produce people of narrow literary ability rather than of administrative competence.

On the subject of the career open to talent, there appears to be surprisingly little upon this as an end desirable in itself. It was argued, however, particularly by schoolmasters, that openings were needed, and this was coupled with a recognition that to block such opportunities might be politically dangerous. One advantage of the reform would be to provide chances of useful work and remunerative jobs to upper middle-class youth without interest among the great, such as the sons of country clergy and the younger sons of landed and professional families. The Headmaster of Harrow, the Rev. Dr Vaughan, wrote of the great benefit of "the opening of a new profession to young men of liberal education. Every one who has had to advise, whether as parent, tutor, or friend, upon the choice of profession knows how frequently and increasingly common is the case of those young men who scruple to take Orders, have no chance at the Bar, and yet possess that kind of ability, and that amount of attainment, which would be inapplicable to engineering, and thrown away upon farming."<sup>1</sup>

Combined with this was the tendency to regard the opening of places, especially in the lower ranks of the civil service, to free competitive entry as something in the nature of a safety valve. The Dean of Carlisle, an ex-tutor of Balliol and Headmaster of Rugby, wrote "otherwise it may be found that we are training up a large and important class of discontented and dangerous men."<sup>2</sup> And Professor Charles Graves of Trinity College, Dublin, while commending the opening of an honourable career to merit in the middle class, added that "under such a state of things democrats and socialists will be deprived of a special grievance."<sup>3</sup> These views were given further point by the later admission of Sir Charles himself, that "the revolutionary period of 1848 gave us a shake,"<sup>4</sup> and one of the consequences was the Organization Report.

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 89.

<sup>2</sup> *Ibid.*, p. 45.

<sup>3</sup> *Ibid.*, Vol. XX, p. 23.

<sup>4</sup> Parliamentary Papers, 1875, Vol. XXIII, p. 100.

The view that openings were needed was later to prove more true to the facts than the contrasting criticism by the opponents of the scheme that the civil service was not attractive enough to draw able recruits. Finally in this connexion there was the belief that the opening of the service to competitive entry would have salutary effects on education and upon the educational system of the country. This was alluded to in the Report. It was also expressed by Sir James Graham in a letter to the Prince Consort dated July 1858 : " In my humble judgment no means of opening lucrative and honourable employment to the most meritorious of the middle classes can be devised with less danger to the Crown and with more advantage to the public. . . . It will be more effective in stimulating education than any grants of public money."<sup>1</sup>

#### (iv) *Would Competition recruit Gentlemen?*

Undoubtedly the most urgent fear in the minds of the older civil servants and of some politicians was lest the effect of the reforms should be to lower the social tone of the service. It was argued that the attractiveness of the service was not sufficient to persuade the best products of the universities that it was worth the additional strain and effort involved in undertaking a difficult and doubtful competitive examination. It is interesting to find that those who most strenuously put forward the assertion that public office was neither interesting nor well paid were, for the most part, high civil servants themselves, and this suggests that their view may have been dictated more by the social circumstances mentioned than by real conviction and the logic of their experience. This was the view, for instance, of Sir A. Y. Spearman, Bart., Comptroller of the Debt Office and lately Assistant at the Treasury, who averred that the civil service was unattractive and could not be made attractive to men of superior ability.<sup>2</sup> There was even the attempt to cast ridicule upon the supposition that a successful university graduate would be satisfied with a career in which he

<sup>1</sup> C. S. Parker, *Life and Letters of Sir James Graham* (1907), Vol. II, p. 357.

<sup>2</sup> Parliamentary Papers, 1854-55, Vol. XX, pp. 385, 397, 398.

might find himself merely a public servant, while his contemporaries were enjoying the immensely superior advantages of a Senior Wrangler, a Bishop, or a Judge.

It was claimed that the competitive examination was more applicable to the Indian Civil Service than to the Home Civil Service, because in the former the duties were considerably higher and more responsible, and important office was enjoyed at an early stage in the official's career. "Unusual intellectual attainments," said the Chairman of the Emigration Board,<sup>1</sup> "are not the first requisite for a clerk in a public office," meaning, in fact, that the first requirement was that he should be a gentleman capable of holding his own with gentlemen. It was also the view of the more farseeing Sir James Stephen that civil service posts were not financially attractive enough nor influential enough, and that "the successful candidate in such an examination would not usually be the kind of man needed."<sup>2</sup> He added that he "never yet served under any Secretary of State who did not, at least, appear to attach a very high interest indeed to the power of giving such places to his dependents and friends."<sup>3</sup> James Booth, Secretary to the Board of Trade, answered the proposal : "The tendency of your system gradually to fill the public offices with a lower class of man, I consider one of the strongest objections to it. The lower you descend in the social scale the less is the probability that the candidate for the civil service will possess those moral qualifications which I have already insisted on as being more important than the intellectual ones in the practical business of official life."<sup>4</sup> And Edward Romilly, taking a wider view, summed up the opposition case by asserting that : "The ultimate result of open competition will be a democratical civil service side by side with an aristocratical legislature. . . . The great majority of the appointments will fall to the lot of those who are in the lower social position . . . and the more the civil service is recruited from the lower classes, the less it will be sought after by the higher."<sup>5</sup>

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 298.

<sup>2</sup> *Ibid.*, p. 76.

<sup>3</sup> *Ibid.*, p. 79.

<sup>4</sup> *Ibid.*, p. 133.

<sup>5</sup> *Ibid.*, pp. 288, 289.

The answer to these fears, however, was weightier than their expression. The Headmaster of Harrow had no doubt that in such examinations "the higher orders of society would easily hold their own."<sup>1</sup> The most conclusive reply was given by John Stuart Mill, but it is worth noting that even with him the first object was to show less that public careers ought to be as widely open to talent as possible than to prove that, at least in the circumstances prevailing at the time, the fear that successful candidates would not belong to the upper middle class was ungrounded. "Another objection is," he wrote, "that if appointments are given to talent, the public offices will be filled with low people, without the breeding or the feelings of gentlemen. If, as this objection supposes, the sons of gentlemen cannot be expected to have as much ability and instruction as the sons of low people, it would make a strong case for social changes of a more extensive character. If the sons of gentlemen would not, even under the stimulus of competition, maintain themselves on an equality of intellect and attainments with youths of a lower rank, how much more below the mark must they be with their present monopoly ; and to how much greater an extent than the friends of the measure allege, must the efficiency of the public service be at present sacrificed to their incompetency. And more : if, with advantages and opportunities so vastly superior, the youth of the higher classes have not honour enough, or energy enough, or public spirit enough, to make themselves as well qualified for the station which they desire to maintain, they are not fit for that station, and cannot too soon step out of it and give place to better people. I have not this unfavourable opinion of them : I believe that they will fairly earn their full share of every kind of distinction when they are no longer able to obtain it unearned."<sup>2</sup>

But the advocates of the reform were not entirely willing to base their anticipations upon the unaided ability of the upper middle class to secure the prizes. They saw the chief guarantee of this objective in the heavy weighting of the examination with the

<sup>1</sup> *Ibid.*, p. 91.

<sup>2</sup> *Ibid.*, p. 94.

classical subjects habitually taught in the upper middle-class schools and at the older universities. The Headmaster of King Edward School at Birmingham also clearly regarded a classical education as particularly appropriate to "the sons of gentlemen and tradesmen of the higher class."<sup>1</sup> This corresponded to the scheme of examination proposed by Jowett. Professor W. H. Thompson, of Trinity, Cambridge, Regius Professor of Greek, came to the support of Jowett with the suggestion that classics or mathematics should be made compulsory. "This suggestion has reference to an objection to which you have invited my attention," he wrote to Sir Charles Trevelyan, "that there would be danger in admitting into the higher practices of the civil service persons whose birth or training may not have been favourable to the development of those sentiments which characterize the class of gentleman. Classical and mathematical studies are at present prosecuted in all our superior schools, and in all the universities of the three Kingdoms. Proficiency in either would seem, therefore, to afford a sufficient test of the social rank of the candidate, or at any rate to prove that he had been brought into contact with influences conducive to the growth of sentiments of the kind referred to in the objection."<sup>2</sup> Lord Macaulay held the somewhat more liberal view that, while Greek might be desirable for these reasons for youths from the south of England, where it is currently taught, other subjects might be more suitable for candidates coming from farther north. When he was making similar recommendations for competitive entry to the Indian Service he wrote: "The marks ought, we conceive, to be distributed among the subjects of examination in such a manner that no part of the kingdom, and no class of schools shall furnish exclusively servants to the East India Company."<sup>3</sup>

It was also Lord Macaulay's view, as it was of Northcote and Trevelyan and others, that successful achievement in intellectual activity at the university stage could be safely taken as proof not

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, pp. 47-49.

<sup>2</sup> *Ibid.*, p. 7.

<sup>3</sup> Sir George Otto Trevelyan's *Life and Letters of Lord Macaulay*, Vol. II, p. 372.

only of a high mental equipment, but of the moral qualities of application and perseverance and trustworthiness which, it was thought, went naturally with such achievement. This view seems to have carried the day despite the contrary opinion widely held and expressed in particular by Sir G. C. Lewis and James Booth. "It is not true," wrote the former, "that such an amount of study as might enable a clever young man to succeed in such an examination as that now proposed necessarily, or even presumptively, involves the possession of qualities which render a person discreet and trustworthy."<sup>1</sup> Booth was even more emphatic: "One obvious effect of the competition which is proposed by you would be to fill the offices with the picked clever young men of the lower ranks of society, to whom such offices would be a great object of ambition, which they would not in general be to men of the higher ranks. There would thus be a lower class of men gradually introduced into public service, and a lower tone of feeling would prevail; and, though, no doubt there would be a larger amount of intellectual ability brought into the service than by the other method (nomination and qualifying examinations), it does not necessarily follow that the business of the department would be better done."<sup>2</sup>

An interesting reflection came from one of the ablest administrators of the time, Edwin Chadwick. It is important both because it proved truer to the facts and because it has not hitherto been given attention in study of the development of the civil service. His suggestion is rather that the need is, and that the effects of the reforms proposed will be, to raise—and certainly not lower—the social level of the service. "One apprehension," he wrote, "is that those who will succeed best in competition will be persons not of the higher but of the lower conditions in life. . . . It is also objected that although more ability may be obtained, this elevation of the service in ability will have the effect of lowering its position in society. These objections have no warranty in analogous experience, and appear to arise from some illusion as to the actual height in social position of the great bulk of the service. . . . At

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 116.

<sup>2</sup> *Ibid.*, p. 133.

present, families of good position prefer getting sons clerkships in banks to clerkships in most of the government offices, and so far as social position depends on service the banker's clerk is at no disadvantage. It will be found, however, that only two of the public offices are chiefly composed of members of aristocratical families ; the actual majority of the other offices being otherwise constituted. The fact is that at present only a small proportion of the whole mass of patronage has been obtained by the representatives of the county constituencies or by persons of high position, and that a larger and increasing proportion has been obtained for the constituencies of the smaller boroughs by persons of the lower condition ; and however high the present social position of the service, I should say that the proposed measures might be supported as being needed and as being calculated to check its downward social tendency produced by the present system of patronage, for it is a fact, really of most serious importance, that this larger proportion of appointments has been given not only to persons of lower condition but to persons of education and qualifications greatly below the average of their own class."<sup>1</sup>

#### (v) *Too Narrow a Training?*

The view that the recommended reform would produce a type too narrowly trained and with too limited a horizon was less adequately dealt with and less satisfactorily answered. Yet it was this fear which to-day seems to have been the more important. Some thought that academic knowledge was not that most required in a public servant, and that the information and method acquired in a university was not likely to prove useful in administration. Some believed that the net effect of such a reform would be to supply the public service with minds of one type, more schooled in the presentation of fact than capable of energy, more academic than practical, and more passive than active. Others, taking a more gloomy view, claimed that the tendency of competitive examinations to promote the acquisition of large stores of factual

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, pp. 180, 181.

knowledge would have the effect of so stimulating and forcing the youthful minds of candidates that they would for ever afterwards suffer physically and mentally, their intellectual development having been as a result cut off in its prime. But, on the whole, it would seem that this preoccupation weighed less with the authorities than those others already discussed. As will be shown below, they did not seem to have been particularly concerned with securing those higher qualities of originality and dynamism which were the very ones the more progressive critics alleged would not be forthcoming. On the contrary, the criticisms themselves may well have suggested that the very qualities needed in a civil servant, as his duties were then conceived, were those most likely to be produced by current university training.

One example of this kind of doubt was offered by the fear expressed by the progressive *Westminster Review* that, although competitive examinations were better than patronage, they would be likely to cause the recruitment of clever men, but men without initiative and push, who would "stand by and work out all that their predecessors of the same political faith had handed down to them, but who would be little disposed to admit the value, or qualified to direct the use of new ideas."<sup>1</sup> That this innovation would mean too narrow a type of public official was also the view of Canon Moseley, Inspector of Schools, who thought that there was a need for "a considerable extension of the subjects of examination." He argued that: "Thus one type of education will come to be represented in the administration of public affairs; the idiosyncrasy of one class of minds will pass upon it, and . . . it will eventually be shunted on the rail of one class of thinkers."<sup>2</sup> Much of the later criticism was to suggest that the Canon's prophecy had in it an element of truth.

Chadwick was another critic of the exclusively university type of training, as this was understood in his day. He claimed that most of the distinguished figures of English public life would have been prevented from entering it under the proposed reforms. Not

<sup>1</sup> 1854, Vol. LXII, pp. 78-80.

<sup>2</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 39.

only did this apply to Nelson and Wellington but also to more than one recent Lord Chancellor and Chief Justice. The answer given was that such ornaments of public life would have been quite capable, had the necessity then existed, of competitive examination. But it is at least arguable to-day that there was some merit in Chadwick's argument. "A strictly academical examination," he wrote, "would have admitted the gentleman who is, *par excellence*, an instructor in the abstract sciences and who wrote articles in the Reviews to show the impracticability of steam navigation across the Atlantic, and it would have excluded those who accomplished the feat." Such criticism, which is essentially directed against conservative tendencies of examiners, certainly appears to have some justification in fact, particularly with regard to the older English universities of which Chadwick and others appear to have been mainly, if not entirely, thinking.

That the kind of knowledge acquired by the candidate was remote from administrative needs was also Chadwick's view, for he said that academic examination "would have given precedence for the Poor Law Service to a gentleman who could tell me the names of Actæon's hounds, but who could not tell me the names of the chief statutes to be dealt with, and whose education had grounded him neither in the older principles of public policy nor in law or political economy applicable to them, and it would have excluded a candidate who was pre-eminent in the practical administrative reform, although he had never taken an academical degree."<sup>1</sup> Later discussion of civil service organization was to endorse the reply given to this argument—namely, that better knowledge and understanding of particular departmental affairs was to be expected of a man who had shown his ability to comprehend the material of classical and historical study. But it was also to endorse the advantage of the university studies of such subjects as political science, economics, and economic history, more closely related to the concerns of government servants. As Chadwick himself had written: "Attainments in one thing are no doubt evidence of capability, but of capability for similar things, and the

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, pp. 165, 166.

evidence is weaker as the things are widely dissimilar or remote."<sup>1</sup> The Headmaster of Harrow criticized the " needless array of scholastic details in the examination schedule proposed by Jowett."<sup>2</sup> But it was left to Earl Grey to claim that medical and psychological study and recent experience in France and in the bureaucratic development of Prussia justified the foreboding that, under such a system, the British Civil Service would suffer from stunted minds : " It is a well ascertained fact, that the premature forcing of young minds has an injurious effect upon their vigour in after life ; and the acquisition of a great amount of knowledge may be dearly purchased, by weakening the powers of judgment, of reflection, and of original thought."<sup>3</sup>

We are here faced, however, with that close inter-relation between educational system and method on the one hand and the organization of the public service on the other, which is a constant factor. Some, but not all, of this criticism was in fact directed more against the former than the latter. If the social sciences were not given adequate weight in the curricula at Oxford and Cambridge, then the need was to improve the position there or to look to other universities. But it must not be forgotten that decisions as to the subjects of examination made by the Civil Service Commissioners could exert an influence upon university teaching. Nevertheless, the argument of John Stuart Mill in this connexion is, with this limitation, surely unanswerable. " To test a candidate," he said, " to ascertain whether he has been well educated, he must be interrogated in the things which he is likely to know if he has been well educated, even though not directly pertinent to the work to which he is to be appointed. Will those who object to his being questioned in classics and mathematics, in a country where the only things regularly taught are classics and mathematics, tell us what they would have him questioned in ? "<sup>4</sup>

<sup>1</sup> *Ibid.*, p. 162.      <sup>2</sup> *Ibid.*, p. 91.

<sup>3</sup> Earl Grey, *Parliamentary Government* (1864 ed.), p. 305.

<sup>4</sup> John Stuart Mill, *Representative Government*.

(vi) *What Qualities were required?*

These discussions of the method of recruitment to the civil service do something to reveal what were thought to be the main qualities required in a public official. It is interesting to consider what were the functions which this civil service, from which the corruption and inefficiency of patronage had been removed, was regarded as being established to perform. Although already state interference was beginning and Factory Acts were upon the statute book, although the social service state was already on its way with an embryonic educational and health system, and although state initiative in these directions was being increasingly called for, it is perhaps too much to expect that this evolution should already be reflected in the estimate made by authority as to the qualities of invention, humanism, and social interest it required of its servants. There is little to suggest an expanding estimate of their duties. The qualities demanded of them appear to relate more to their functions in the past than in the future. If Chadwick is something of an exception, the qualities generally estimated as needful were honesty, reliability, and intelligence, by which was meant chiefly the capacity to master a brief. We hear little of originality, initiative, or acquaintance with the needs and lives of all social classes. "The qualities absolutely required," wrote Sir Thomas Fremantle, Chairman of the Board of Customs, "are physical strength, sound health, honesty and sobriety, and a docile and contented disposition."<sup>1</sup> If this was perhaps truer of the mechanical work of a large body of customs house officials this estimate was regarded as of much wider application. As has already been pointed out, the Chairman of the Emigration Board thought that "unusual intellectual attainments are not the first requisite for a clerk in a public office."<sup>2</sup> Speaking from the higher sanctum of the Board of Trade, its Secretary averred similarly that, "Fortunately commanding talents, or extensive acquirements in any great number, are not required; they would, in fact, be mis-

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 327.

<sup>2</sup> *Ibid.*, p. 298.

placed in almost every department of the government. It is rather steady and persevering devotion to the everyday business of the department that is to be desired." And he feared that over-education would only lead to disappointment and indolence.<sup>1</sup> "I do not believe the best scholars would necessarily make the best clerks," said Sir Thomas Redington, Permanent Secretary to the Board of Control.<sup>2</sup>

As has already been shown and dealt with, moral qualities were considered at least as important as intellectual qualities, but there seemed to be a disposition to consider that the former were the monopoly of the upper middle class.

#### (vii) *Grading and Promotion*

One of the principal recommendations of the Report was the separation of the service into two grades. The first, whose work would be "intellectual," should be recruited between the ages of 19 and 25; the second, to perform the more "mechanical" side of departmental labours, should enter the service between 17 and 21. Clearly, however, this separation was not regarded as rigid; nor would it seem that Northcote and Trevelyan were thinking of much more than appropriate distinction at the recruitment stage. They said nothing to imply that movement from the mechanical to the intellectual grade should be debarred. It is where they deal with the subject of promotion that they leave some room for the confusion and misunderstanding which eventually followed. They were strong upon the principle that promotion be by merit rather than by seniority. The fact that they did not examine the question of promotion from grade to grade under their proposed scheme left it open to doubt whether they took such promotion for granted, or whether they imagined that so different would be the type of qualifications attached to members of these different classes that movement from the lower to the upper division would in practice prove exceptional or non-existent.

That such movement from the bottom to the top of the service

<sup>1</sup> *Ibid.*, p. 134.      *Ibid.*, p. 230.

was intended to be stopped was the view taken of the Report by several of its critics, particularly those who had themselves climbed to high rank from the lowest positions. But this appears to have been, to some extent, a misreading of the intention, even though it was to prove in subsequent practice close to the reality. The argument which developed between Mr Arbuthnot, Auditor of the Civil List, and Trevelyan, expresses this difference. Defending the opportunity for the fullest movement upwards, Arbuthnot attributed the superior efficiency in the Customs to "the opening to officers of the lowest rank the opportunity for eventual advancement to the highest offices in the service"; to which Northcote and Trevelyan replied that "in other words a system has been introduced into the department of Customs very similar, so far as the regulation of promotion is concerned, to that which we proposed for the whole public service."<sup>1</sup>

On the general nature of promotion by merit rather than by seniority the Report leaves no room for doubt. While its authors speak with apparent approval of the actual prevailing practice of promotion by seniority within a salary grade, not only do they recommend promotion by merit from one grade to the next but they are anxious to provide safeguards to ensure that merit is brought to the attention of heads of departments. They suggest a system of annual reports, the keeping of a record of achievement relating to each official, and the putting forward of several names, backed by reference to such records, when any vacancy has to be filled, and they look to such a practice as a means of avoiding that favouritism which is feared within the service.

It is not clear that the rigidity of division in the intellectual and mechanical grades was intended. In fact, it seems a natural corollary to the recruitment of a class with such superior training that it should tend to monopolize the positions of interest and influence within the service. And when to these educational advantages was added the social superiority which went with them the barrier to advancement from the lower ranks was in fact to become well-

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, pp. 416, 417.

nigh unsurmountable. But there is a remarkable similarity between the prognostications of the critics at this period and the objections raised against the system, particularly by the Trade Union representatives of the lower grades, three-quarters of a century later. It was alleged that the proposed division would prove neither conducive to efficiency nor fair to the service as a whole. "It is upwards of 46 years since I first entered the Civil Service of the Crown in its humblest ranks," wrote Sir A. Y. Spearman, Bart., sometime Assistant Secretary at the Treasury and then Comptroller of the Debt Office, "and I speak from practical experience and personal knowledge, when I express my opinion that such a system would be injurious as well as unjust."<sup>1</sup> For one thing, he believed that the requisite knowledge could alone be gained by working right through a department, and that, consequently, to prevent those with the opportunity of acquiring such experience from reaching the top would be detrimental to the service. "To split the civil service," he added, "would, it seems to me, greatly impair its efficiency as a whole and would besides be unjust to those who enter into the lower class."<sup>2</sup> Similarly, Arbuthnot argued that if "the best appointments are reserved for an intellectual class, the general body of the civil servants will be disheartened and degraded in character."<sup>3</sup>

Speaking from their own personal experience, both Chadwick and Arbuthnot took much the same view. Said the former: "Many an awkward-looking fellow of no great attainments is found to distance his more elegant and university-educated competitors in the long run, because he has steadiness and self-command; it is found that whatever he can do he can be trusted to do: he is punctual, regular, industrious, and painstaking; acquires soon a knowledge of official details and the power of carrying them out; knows all that is going on and can always be referred to with reliance. In time he cannot be done without, and will and must be promoted. Had it been a question of acquiring knowledge, he would have stood no chance with a university examiner because he has not a smattering of the calculus, and does not make Latin

<sup>1</sup> *Ibid.*, p. 400.

<sup>2</sup> *Ibid.*, p. 399.

<sup>3</sup> *Ibid.*, p. 413.

verse."<sup>1</sup> Chadwick was thus undoubtedly describing the process by which some of the ablest—and they were able—principal officials of the time had acquired their confidence and achieved their eminence.

If many of the outstanding administrators of the unreformed civil service had been appointed in later life, after they had proved an ability, push, and inventiveness outside the service of the Crown, several had entered straight from school. Arbuthnot was a case in point; so was Murdoch; the former was the son of a knight and general, and the latter of a Fellow of the Royal Society, and both enjoyed interest. Nevertheless, it remains true that neither had the advantage of university education. Arbuthnot, after pointing out the high importance and official nature of the work done by himself and his colleagues, addressed the Lords of the Treasury as follows: "I will refer to the case of the three officers of Your Lordship's Board, acting immediately under the Secretaries, *viz.*, myself and the two principal clerks. We obtained our appointments to the public service, originally, by the favour of the First Lord of the Treasury for the time being. None of us was distinct in any respect by extraordinary educational attainments; and we had no other recommendation for the preference shown to us in our promotion than that knowledge of the business of the office which we had opportunities of acquiring in the course of a long and faithful service."<sup>2</sup>

#### (viii) *A Unified Service under the Treasury*

Another of the central ideas of the Report is that there should be developed a single public service in place of a host of distinct departments, in which operated different methods of recruitment, organization, and promotion. The recommendations were applicable to the whole body of public servants. True, its authors recognized that a different *expertise* was developed, particularly in the upper grades, in many different departments, although they

<sup>1</sup> Parliamentary Papers, 1854–55, Vol. XX, p. 161.    <sup>2</sup> *Ibid.*, p. 405.

conceived of some offices being comparable in the nature of the duties attached to them. Within such practical limitations they wished to promote common grades and practices and the acceptance of common guiding principles. They envisaged a single examining board, and there is some suggestion that they regarded this centralizing and co-ordinating agency as capable of fulfilling functions subsequent to recruitment. It appears that the keeping of records upon each official, and participation in the business of promotion, was one of the potential functions of such an agency. Trevelyan quite clearly thought of the Treasury as being the focal point of the service as a whole and therefore the most likely location of such new functions. Moreover, he regarded the Treasury as, for this reason, a department which might best be staffed from officials with experience of the other departments. He thought of the Treasury as a super-department with responsibility, at least, for supervising the organization of the service as a whole. "As the Treasury is eminently a superintending office," he wrote, "it is right that it should draw its strength and its experience from the offices superintended by it."<sup>1</sup> It is curious as a commentary upon the difficulties in the way of co-ordination, created as they were by the forces of separatism and of the vested interests of the departments, that precisely the same objective should still be put forward—and, in fact, at last be being carried out—by a much later head of the Treasury in the third decade of the twentieth century, Sir Warren Fisher.

The conception of a single public service was, from the first, said by the heads of departments to be impracticable. In its complete form this idea was never, however, put forward in the Report, although the possibility of movement in that direction was implicit. Inter-departmental promotion was regarded by Northcote and Trevelyan as exceptional. Among departments with comparable functions they thought it both possible and desirable; in the mechanical grade also they thought that some pooling of the staff might prove an economy. Here in this latter view they were met by opposition from, for example, the Foreign Office, in relation to

<sup>1</sup> *Ibid.*, p. 427.

which it was argued that the confidential nature of the work precluded not only division in the higher and lower grades, but any sort of movement to and from the lower ranks of the office.<sup>1</sup> The authors of the Report were careful to insist that: "We have nowhere suggested or even hinted at the idea of transferring men from one office to another in cases where the business is not of a cognate character,"<sup>2</sup> but it was nevertheless the consistent view of the critics that the public service could not properly be regarded as in any way single and that it was, on the contrary, increasingly specialized.<sup>3</sup>

Northcote and Trevelyan were, in fact, more prepared to defer, in the actual application of the common principles they recommended, to the vested claims of departmental heads than were some of those who contributed to the discussion of reorganization. While they wanted to secure the division of the service into two grades, they thought that "maintenance of such distinction depends more upon the discernment and management of the chiefs of offices and those immediately below them, than upon any general regulations that could be made by a central authority."<sup>4</sup> In fact, of course, such general regulations were to be issued by the Treasury, and the common principle already in being for superannuation was to be carried into the fields of recruitment, of grading and promotion as well as of pay, through the instrumentality of Orders in Council made, in fact, on the recommendation of the Treasury. On the political level this was the consequence of the pre-eminence of the position of the First Lord of the Treasury. Lately attention seems to have been directed, however, to the possibility and desirability of giving to the Prime Minister, at the administrative level, an official or body of officials particularly concerned with questions of organization of the public service as a whole. Much more was to be heard later of this need, and the problem is examined below. But for the present it is worth noting that something of this kind of need and possibility was in the minds of some people at this time.

As has already been pointed out, Sir Charles Trevelyan himself

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 348.

<sup>2</sup> *Ibid.*, p. 421.    <sup>3</sup> *Ibid.*, pp. 110-112.    <sup>4</sup> Report, p. 17.

saw that the Treasury must be regarded as having a special function in this connexion. He also thought of its functions as requiring a somewhat special kind of recruitment fitted to the peculiar nature of its superintending duties. Mr Alfred Power, Chief Examiner of Poor Laws in Ireland, and some others went further. He thought that the suggested Central Board, which was in fact to emerge as a purely examining body in the form of the Civil Service Commission, should also make "recommendation as to organization," and "exercise some limited and well-defined control over the heads of departments in regard to internal discipline and management of the business."<sup>1</sup> Similarly, in regard to inter-departmental promotion, he recommended that "the introduction of an untried person into the civil service and also the appointment of a tried public servant to a service in a new capacity shall be the act of the Central Board; all other promotion to be absolutely and entirely at the discretion of the heads of the departments," owing to his fear that under control freedom of promotion might lead to political bias in its apportionment.<sup>2</sup>

That such functions might fittingly belong to the department most concerned, but that this department needed some reinforcement in order adequately to fulfil the function, was the view of Edward Romilly. "I think it a matter of the greatest importance that some prominent officer should be established at the Treasury, superior in authority, as far as the civil service is concerned, to the political Secretaries, that to him should be apportioned the special duty of attending to the interests of the civil service, and that all matters of importance permanently affecting any office should be referred to the Chancellor of the Exchequer before a decision has been come to."<sup>3</sup> We thus see the early beginnings of the view that there ought to be a continuing oversight of the general organization of the civil service as a peculiar responsibility of high

<sup>1</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 84.

<sup>2</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 83; and compare this with the view expressed later by a Civil Service Commissioner, Sir Stanley Leathes, that it was "a great misfortune that the Civil Service Commission had little opportunity of judging the results of their operations." *Journal of Public Administration*, Vol. I, p. 362.

<sup>3</sup> Parliamentary Papers, 1854-55, Vol. XX, p. 296.

officials within it, properly supported by the necessary political authority at the highest point of government. In so far as this has in fact emerged it has, however, been the result rather of necessity, arising out of day-to-day practice, than of carefully thought-out revision and planning.

### CHAPTER III

#### The Administrative Class : an Assessment

THE discussions which preceded the setting up of the graded civil service were considered in the last chapter. Present-day assessment of its quality may well follow, for comparison is not uninstructive. If the worst fears of a century ago have not been realized, some doubts expressed by Trevelyan's critics do seem to have been confirmed by the event.

A word of caution, however, needs to be said about the method of such an inquiry. If the quality of a single civil servant can be submitted to no generally agreed test, still less can the quality of a class. Judgments are apt to be coloured by personal experience. Conclusions based on them cannot be proved. The most that can be said is that agreement among observers of varying background does furnish evidence that there is substance in their views.

The chief fear expressed by Trevelyan's critics proved wholly unjustified. The replacement of patronage by open competition did not lower the moral tone of the service. On the contrary, no one now questions the high level of honour and devotion to duty of the service as a whole. The standards of professional conduct are indeed unimpeachable. Loyalty to political chiefs has so rarely been opened to question and so often attested by ministers of differing views that it is taken for granted. The British civil service in general, and the administrative grade in particular, can claim to compare favourably with its counterpart in most other countries.

Before considering current criticism it is as well to examine the nature of the administrative officer's task, and so of the qualities needed for carrying it out. The Tomlin Commission accepted the definition of his duties given in the Reorganization Report, which in turn "correspond substantially with those indicated in the

MacDonnell Report." They were "those concerned with the formation of policy, with the co-ordination and improvement of government machinery, and with the general administration and control of the departments of the public service."<sup>1</sup> Sir Horace Wilson, then Permanent Secretary of the Ministry of Labour, told the same Commission that : " Broadly speaking, the main quality that is required seems to me to be a capacity to take the facts about a particular subject, to put them into shape, to suggest the deductions that might be drawn from them, to propose lines of policy that might be adopted in relation to them, and generally to apply a constructive analytic mind to what I would call the policy of the Ministry."<sup>2</sup>

Criticisms can be looked at in two ways. Either they are allegations of particular defects, the evidence of which needs to be examined, or they may go deeper and attempt to discover the causes of deficiency, whether in methods of recruitment, training, or organization.

### (i) *Deficiencies*

First is the assertion that the civil service lacks vitality, that it is wanting in drive, initiative, and imagination. The civil servant, it is alleged, shows too much attention to precedent ; he looks always to the past and eschews any departure from tradition or the habitual way of doing things. He is excessively cautious. The one quality in which he excels is that of finding reasons why a change should not be made or why a given course of action should not be pursued. His attitude is negative where it should be constructive. Moreover, he is so afraid of making a mistake or so lacking in self-confidence that he tries to avoid personal responsibility, and consequently passes on to some one else if he can any question involving decision.

There is widespread agreement in the making of this accusation. "The faults most frequently enumerated," said the Committee on the Training of Civil Servants, "are over-devotion to

<sup>1</sup> Cmd. 3909 of 1931, para. 102.

<sup>2</sup> Minutes of Evidence, Question 12,293.

precedent ; . . . lack of initiative and imagination ; . . . procrastination, and unwillingness to take responsibility or to give decisions. We recognize that these faults exist in some measure—though not so generally or in such degree as is often alleged."<sup>1</sup> "I agree with 'Temporary Civil Servant '<sup>2</sup> that on the whole there is a low level of personal vitality in the service," says Professor Chorley ;<sup>3</sup> "there are of course large numbers of notable exceptions. Mr Dale apparently accepts this opinion too."<sup>4</sup> In the same article, "Some Thoughts on the Civil Service," Professor Chorley also quotes Sir Michael Sadler's view that administrative officials "seem weak in the field of imaginative and creative suggestion—in the points which characterize original minds. If you read an official file, especially a file on a new project, you will find as a rule that the experienced official is better at telling a subordinate what *not* to do than at interesting him in ways of doing better what is already passably well done, or in encouraging him to conceive bold innovations in existing methods of administration."

The implications are serious. They are particularly so in what is increasingly the collectively planned state, in which the qualities most called for are those of careful thinking. First among them is the view that those who are mainly responsible for policy show a tendency to avoid its initiation. While it is true that the first and last responsibility lies not with the official at all but with his political chiefs, the fact remains that as the minister's principal adviser and as a permanent administrator it is his duty "to devise what ought to be done." That is part of his loyalty as a public servant and an official under a Minister of the Crown. The words of Sir Henry Taylor in *The Statesman* are to the point : "It is one business to do what must be done, another to devise what ought to be done. It is the spirit of the British Government, as hitherto existing, to transact only the former business." But this former business is far from being adequate to the administrative grade ; indeed it belongs rather to subordinate civil servants. True,

<sup>1</sup> Report, Cmd. 6525 of 1944, para. 13.

<sup>2</sup> *Political Quarterly*, Vol. XV (1944).

<sup>3</sup> *Agenda*, Vol. III (1944), No. 4, p. 112.

<sup>4</sup> H. E. Dale, *Higher Civil Service of Great Britain*, (1941).

ministers may often be content with it, but the good administrative official should never be. Even though he must of course accept the minister's decision, he should always be thinking ahead of it, and he should always be ready to express his own views and to provide the information on which they are based. For he is primarily concerned with the making of policy, and policy should not wait upon events. As Sir Horace Wilson put it, he needs a constructive, analytic mind. That is not to say a negative and condemnatory one.

Sir Warren Fisher, in a paper handed in to the Tomlin Commission, defined the duties of the civil servant authoritatively. He wrote : " Determination of policy is the function of Ministers, and once a policy is determined it is the unquestioned and unquestionable business of the civil servant to strive to carry out that policy with precisely the same energy and precisely the same good will whether he agrees with it or not. That is axiomatic and will never be in dispute. At the same time it is the traditional duty of civil servants, while decisions are being formulated, to make available to their political chiefs all the information and experience at their disposal, and to do this without fear or favour, irrespective of whether the advice thus tendered may accord or not with the minister's initial view. The presentation to the minister of relevant facts, the ascertainment and marshalling of which may often call into play the whole organization of a department, demands of the civil servant the greatest care. The presentation of inferences from the facts equally demands from him all the wisdom and all the detachment he can command.

" The preservation of integrity, fearlessness, and independence of thought and utterance in their private communion with ministers of the experienced officials selected to fill the top posts in the service is an essential principle in enlightened government ; as—whether or no ministers accept the advice thus frankly placed at their disposal, and acceptance or rejection of such advice is exclusively a matter for their judgment—it enables them to be assured that their decisions are reached only after the relevant facts and the various considerations have, so far as the machinery

of government can secure, been definitely brought before their minds. . . .

" . . . I should like to record my complete disagreement with any suggestion that the type required and suitable for the service is the man who 'plays for safety.' There is no business in the world which needs higher qualities of mind and character than the British civil service ; and this need is certainly not likely to decrease as the scope of government activity expands."<sup>1</sup>

Again, the Dardanelles Commission left it in no doubt that independence of mind and expression were in its view necessary qualities of the public official. Indeed, its words have become the classic definition of his duties and cannot be too often cited. " We wish to add some comments on these proceedings. Both Lord Fisher and Sir Arthur Wilson are distinguished officers who, in the course of their honourable careers, have rendered eminent services to their country. We have not the least doubt that the attitude which they adopted at the War Council was dictated by a strong sense of duty. But we have no hesitation in recording our opinion that it was a mistaken sense of duty. Lord Fisher, indeed, himself recognized that he ' stretched loyalty to an extreme pitch.' It has probably happened to most officials who occupy or have occupied high places that they have at times disagreed with the heads of their departments. There may, perhaps, be occasions when such disagreement justifies resignation. But these occasions are extremely rare. More generally, it is the duty of the official not to resign but to state fully to the head of his department and, should any proper occasion arise, to other members of the Ministry, what are the nature of his views. Then, if after due consideration those views are over-ruled, he should do his best to carry out the policy of the government, even although he may not be in personal agreement with it. This duty was in a very special degree incumbent upon an officer placed in Lord Fisher's position, though it perhaps applies to a somewhat less extent to Sir Arthur Wilson. Both of these officers were distinguished experts. They must have been aware that the questions which the Council had to

<sup>1</sup> Tomlin Commission, Evidence, p. 1268.

decide were of so technical a nature that none but expert opinion could be of any value, and they must also have been aware that none of the ministerial members of the Council had any expert naval knowledge. We hold, therefore, that although they were not asked definitely to express their opinions, they should have done so. We dwell on this point because we consider that if the principles on which Lord Fisher and Sir Arthur Wilson acted were to be generally accepted by officials in other departments they would exercise an extremely bad effect upon the general efficiency of the public services. They would tend to cripple independence of thought, and their application would leave the Parliamentary heads of the various departments without that healthy assistance which they have a right to expect, and which is, at times, much more likely to be rendered by reasonable and deferential opposition than by mere agreement resting wholly on the ties of discipline."<sup>1</sup>

What springs clearly from these definitions is the stress laid on the need for the two qualities of independence and constructiveness. But it is precisely these that the charge levied by the critics implies are absent when they speak of an actual lack of initiative and imagination, of excessive caution, shyness of responsibility, and over-devotion to precedent. Yet on the whole it can be said of the inter-war period that in one field after another of state activity the latter, and not the former, characteristics marked the national administration—in foreign policy as in domestic, in social services as in matters of defence. That, it may be answered, was due not to the civil servant but to the country's political leadership, which in turn corresponded to the national will as expressed at the polls.

If a contrast can be drawn between this period and the years of progress—especially in education and the social services as in the army and imperial defence—preceding the First World War, as also to some extent after it and up to 1922, it may be argued that this lies in the political atmosphere and not in administrative talent. There is, of course, much truth in this. New services

<sup>1</sup> First Report of the Dardanelles Commission, Cmd. 8490 of 1917, para. 91.

had been formed. A general expansion of state activity had occurred which had brought younger men to the fore. The machinery of government had been shaken out of too settled a routine. "It must have been an exhilarating experience for civil servants," as Lord Chorley says, "to work under the Campbell-Bannerman and Asquith governments. But the exhilaration must have come just as much from the realization that the country was definitely on the march in the sphere of social progress, and that they, the civil servants, formed the officer cadres of the advancing army. Young men were being picked out by great leaders like Morant to do new and responsible jobs of work. They responded to the lead. When the war of 1914-18 came many of the new war-time departments were manned entirely by young civil servants round about thirty years of age, assisted by temporaries. They displayed quite astonishing powers of improvisation and initiative.

"Contrast the between-war years of disillusion and despair," he continues. "After the disappearance of Mr Lloyd George from the political scene there is no dynamic personality in charge of events. Everything is judged in terms of expense, and during the period after 1931, in particular, social advancement is attacked with a ferocity only known to the small capitalist fearful of his savings. Instead of forming the spearhead of an advance White-hall finds itself committed to the rôle of skilful retreat. The best man is the one who can stall most successfully: initiative and enthusiasm are at a discount. Indeed, I am disposed to regard this as an important contributory cause of the lack of vitality on which I have commented above: policy emanating in the departments was so often turned down at political levels that the instinct of workmanship became thwarted."<sup>1</sup>

Now, whatever its cause, the contrast suggests that a deterioration took place in the general level of vigour and imaginative-ness of the administrator. True, there were exceptions, and some continued to fight a losing and thankless battle. One of the most remarkable facts is that there were no resignations of high civil servants given in order to fight in independence for principles and

<sup>1</sup> *Agenda*, Vol. III, No. 4, p. 121.

policies in which they believed. Did this mark an admirable loyalty to ministers of the Crown in the proper tradition of the service? Or was it a failure in duty to the public which ought to be strongly condemned? That must for the present remain an open question, for the facts on which an answer could be based are not yet sufficiently known, and, indeed, may never be. The Dardanelles Commission, however, recognized that resignation might in some circumstances be justified, although it added that such circumstances were extremely rare.

Since there is much evidence, then, that this criticism of lack of vitality is widely made, and that there is agreement upon it from different sources, the next step must be to try to discover the probable causes of the deficiency. As, however, there are other alleged defects linked with this, and possibly due to the same or associated conditions, it may be better to consider them first.

The second criticism which has weighty backing is that of inhumanity, or remoteness. "The principal weaknesses of the administrative class as they appear to an outside observer are: (1) the lack of knowledge and appreciation on the part of administrators of the affairs of the outside world, except in so far as they pertain to their work; (2) the lack of knowledge of the activities and policies of the departments of government, other than those in which they serve. . . ."<sup>1</sup> Such was the view expressed by an American critic in 1935. Similarly the Committee on the Training of Civil Servants reported that "the faults most frequently enumerated are . . . remoteness from the rest of the community, inaccessibility, and faulty handling of the general public."<sup>2</sup> In reality, the charge is that the civil servant loses the human touch that comes from mixing with the world. The warmth of flesh and blood, the spaciousness of ideas and ideals that move humanity, become the cold, nice, and narrow calculations of the logarithmic table. "Juniors should be required from the start," says Lord Chorley, "to go and look at the problems with which they are dealing on the spot. The tendency to deal with them as geome-

<sup>1</sup> Harvey Walker, *Training Public Employees in Great Britain*, p. 13.

<sup>2</sup> Report, Cmd. 6525 of 1944, para. 13.

trical riders on paper . . . is altogether too evident. Only exceptionally good civil servants get out of their offices to the scene of action, though there has been a valuable improvement in this respect during the later war years. The habit should be formed early, and if juniors get away from Whitehall for short periods every few weeks it will help to prevent their getting into grooves. Many departments have provincial branches at which all administrative officers should see a period of service."<sup>1</sup>

Sir Warren Fisher has expressed himself similarly, saying that "the chief need is—and has always been—in my judgment a widening of the experience of civil servants and enlarged opportunities for their getting to know more about human nature."<sup>2</sup> There were like implications in the reasons he gave for preferring to recruit to the Treasury from other departments rather than direct from new entrants to the service. The other heads of departments, he said, welcomed that practice "because their feeling is that, if you staff the Treasury exclusively and directly from the young university men, and keep them there, they become remote from realities, and from what one may describe as the more practical side of life. . . . They want people to adopt a little more than the merely critical attitude towards life, so they like this scheme very much."<sup>3</sup>

But perhaps this reference to "the merely critical attitude" touches a factor of much wider significance. It is in keeping with the criticism of the classical university training and of its products by Sir Michael Sadler to which Professor Chorley refers in the following judgment. "For a long time the classics have been studied rather on a critical than a creative basis, and, as Sir Michael Sadler pointed out in the pamphlet referred to, 'this humanism with the sap dried out of it . . . trains us to examine this or the other statement or theory, and rewards us for high accomplishment in well-informed and cogent criticism. . . . It is instinctively suspicious of experimental science. It is prone to economize on scientific research. It prefers to deal with things in symbols or in

<sup>1</sup> *Agenda*, Vol. III, p. 117 (November 1944). <sup>2</sup> *Sunday Times*, November 19, 1944.

<sup>3</sup> Tomlin Commission, Evidence, Question 19,010.

words alone, and is not in the habit of going to see things or places or processes before it puts into words a critical judgment upon them.' The result is to produce the unadventurous, rather barren type of mind. . . ."1

Now, this "unadventurous, rather barren type of mind" or this "humanism with the sap dried out of it" may be just other ways of describing the person who lacks human sympathy of a particular kind. The modern study of history and of the social sciences in general lays an emphasis on man's struggle for social improvement, on the story of human endeavour in this sense, and on the means, conditions, and limitations of social betterment. It encourages the consciousness of taking part in the great adventure of a progressive civilization. It shews the processes of rational adaptation of means to the achievement of human aims. It depicts the battle between reason and prejudice, between the common advantage and sinister interests. The story is learnt of successive emancipations from ignorance, superstition, or servitude, of traditions or reforms, the fight for which has added something—or subtracted something—from the sum of civilization. And almost inevitably there emerges a clearer scale of human values in which the claims of man as man to a life of self-fulfilment and happiness come to occupy a high place. But in any case a livelier human sympathy is evoked, both for his sufferings or failures and his needs or ideals. Moreover, the setting in which current endeavour of various kinds is placed, as well as its relevance and significance, is more fully realized, and there will probably be, therefore, more sympathetic understanding for it. This, surely, is the particular kind of human sympathy which is implied to be lacking. It is not a lack that relates to the small circle of colleagues, or even of those with whom direct contact is made. It is at the same time more abstract because more general, and more practical because it relates to what are the motive forces of the modern community in action. For such are largely the forces with which the official has to deal and which it is desirable that he should understand, not only with his head but with his heart. In other words, he should be aware of

<sup>1</sup> *Agenda*, Vol. III, p. 113.

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himself as a member of a dynamic society. And maybe it is the absence of this type of education or this training specially adapted to produce humanism which justifies the second criticism " remoteness from the rest of the community."<sup>1</sup>

Thirdly, "ineffective organization" is alleged, together with "misuse of manpower." Or, as Professor Harvey Walker put it, "the failure to consider public administration as a science with body of fundamental principles, and the insistence on treating it as an art or mystery revealed only to those who have followed the initiatory rite through which they have passed, or alternatively as a faculty inborn, which is denied to all who are not blessed with it at birth."<sup>2</sup> How far are these two judgments effect and cause? Much testimony supports the view that "amateurishness" marks the organization of the civil service. It is not a very precise word, but it seems to imply the same judgment as Professor Walker's: an unscientific attitude not so much to the subject-matter of administration as to administration itself. Lord Chorley and "Temporary Civil Servant" make the same criticism.<sup>3</sup> It runs through the Report of the Select Committee on National Expenditure,<sup>4</sup> the indictment of which gave rise to the Committee on the Training of Civil Servants. It is thus a theme which runs through the criticisms of recent years from diverse sources.

The Select Committee made a number of criticisms and suggestions for improvement of a specific character, which are dealt with here in the chapter on Treasury control. But no one can fail to draw the conclusion from a reading of its report that its general charge, although this is not stated in so many words, was the lack of understanding of the importance of a scientific approach to the problems of public administration. For this is the underlying theme of the Committee's examination of "organization and methods" work in the departments. Its criticism both of the low status accorded to that work and of the narrow limits within which it had been confined is an illustration. The demand it

<sup>1</sup> *Report of the Committee on the Training of Civil Servants*, p. 10.

<sup>2</sup> H. Walker, *Training Public Employees in Great Britain*, p. 13.

<sup>3</sup> *Agenda*, Vol. III, p. 118.     <sup>4</sup> Sixteenth Report, 1941-42.

makes is essentially for a higher construction to be placed upon the function of "organization."

"If first things are to come first, such matters as the recruitment, training, numbers, pay, grading, posting, promotion, and cost of staff, as well as the management of office accommodation and appliances, ought to be determined by the nature of the organization in which the staff have to serve. Therefore the men responsible for organization must take precedence over, and be able to give directions to, the men responsible for working out the staff requirements which arise from any given piece of organization."<sup>1</sup> Such is its conclusion when dealing with the relations between "organization and methods" and establishment work, but it also links the neglect of reform at the higher levels of the service with the failure to implement the Haldane and Tomlin recommendations that there should be systematic and periodic overhauls of government machinery. It is significant that these criticisms lead the Committee to the conclusion that special training is needed, for which "the syllabus might include courses in public administration and in modern developments in trade and industry, economics, social services, etc." There, in the lack of that knowledge and training and the attitude of mind to which it leads, the Committee appears to feel, is the root-cause of the trouble. The Committee itself may not be as clear in its diagnosis of causes as of results, and it scarcely attempts to explain the inability on the part of those whose duty it is to be expert in public administration to understand that there is a science of administration. But the gravamen of its criticism is precisely that inability, the results of which it illustrates with several examples of defective over-all organization of government machinery.

Examples of shortcoming in ordinary administrative organization are many and various. Perhaps the most obvious is the failure to treat with proper seriousness the training of the new recruit, particularly to the administrative grade. On entry he has been normally placed under the supervision of a principal who was made responsible for his initiation into the work of the department; but

<sup>1</sup> Sixteenth Report, 1941-42, p. 29.

no attempt was made to ensure that such principal had the necessary aptitude for this initial training, although it clearly requires qualities of a special kind. Instead he might have neither the interest nor the time to devote particular attention to what he might even be tempted to regard as the new entrant's own responsibility for finding his feet in the department and preparing himself to earn future promotion. The Committee on the Training of Civil Servants indeed recognized the absence of proper arrangements when it recommended that "there should be some one whose individual responsibility it is to receive all new arrivals in accordance with a properly planned routine not liable to be varied or curtailed on account of the other preoccupations of the establishment authorities."<sup>1</sup>

Such a casual attitude to what should be one of the most serious aspects of organizational policy shows a remarkable failure to understand the requirements of administration. It fits ill with the care taken over original selection of recruits, and belongs more to what might be called in this connexion the pre-Trevelyan era of unscientific approach. A similar, more rationally based, care for maximizing efficiency after recruitment would be calculated to ensure that the new entrant was not only placed under specially competent guidance at the outset, but that he obtained an early conspectus of the work of his department and of its contacts with the public, that he was trusted and tried early with responsible tasks, and that suitable watch upon him and report on his aptitudes was made. Such reforms have indeed now, through the government's acceptance of the recommendations, been accepted as necessary policy. By contrast with such obvious measures of efficient administration it is startling to find the Committee describing its scheme for arriving at just such ends as "experimental in the sense of being the first attempt to devise a system of training."<sup>2</sup>

A kindred example lies in the theory that every civil servant is capable of filling any post of equal status throughout the service. While it is definitely desirable that the service should be regarded

<sup>1</sup> Report, Cmd. 6525 of 1944, p. 12.    <sup>2</sup> *Ibid.*, p. 33.

as a whole with thorough interchangeability of staff, there ought by now to have been worked out principles for distinguishing the varying special aptitudes required for different kinds of post, and policy should thus have been made to correspond with the realities both of the possible and of its limitations. It is quite as ridiculous to assume complete interchangeability as it would be narrow to confine promotion within each department. The resulting tendency has been to make assertion of the former in theory but, save for the highest posts, to adopt the latter in practice. It has followed too, from the assertion of this principle in general terms without proper delimitation, that posts tend to be filled from within the department where the vacancy occurs, regardless of any real attempt to discover where the person best qualified for it is to be found, on the combined principle of complete interchangeability at any level and of a settled rota of posts. Since every one of that status can do the work, why not take the man nearest at hand?

Closely associated with these two examples is a third : under-emphasis on the importance of the personal touch. Lack of contact between officials is attested by all observers. It applies to the relations between higher and lower administrators, between the Assistant Secretary or Principal and the executive or clerical grade civil servant under his charge, as well as between establishment officers and, particularly, the younger administrators and lower grade staff. Indeed, the weakness lies in the securing of personal relations between staff generally, apart from those resulting from the routine contacts of day-to-day work. The curiously de-humanized, or depersonalized, character of civil service organization generally may be largely the consequence of its size, combined with the knowledge that every one has his settled groove leading to a predetermined future—a tendency which should be recognized and guarded against. But such defects also undoubtedly relate to the failure to regard the establishment officer's functions as of a specialized character requiring exceptional abilities for judging character and selecting men, and less for actual administration than for understanding the qualities required for particular kinds

of administration. Such failure is implicit in the practice of making the appointment of establishment officers part of ordinary departmental promotion rather than a specialized choice.

Again, there goes with the charge that the establishment division has not shown the necessary appreciation of the importance of machinery of government and organizational problems the claim that within the departments the development expressed by the appointment of establishment officers after 1919 has similarly not gone far enough. Hitherto the head of the department had had to be his own establishment officer. In fact, he has still largely to be his own administrative and organizational manager. The fact is, therefore, that there has never been proper recognition that there are two distinct qualities necessary in the head of a department, that of principal adviser on policy to the minister in particular and to the government in consequence, and that of general manager. Obviously, quite different abilities and training are needed, and these do not inevitably combine in the same person. It is, therefore, another example of inattention to scientific administrative technique that the need for organizational ability at this level has never been recognized in proper administrative terms.

### (ii) *Causes*

Any examination of deficiencies in the civil service, to be profitable, must attempt to explain their causes. Indeed, some glances at this aspect of the question have proved inevitable already. Now, this necessary approach which seeks to discover causes shows noteworthy connexions with the discussions that accompanied the basic remoulding of the service through the Northcote-Trevelyan reforms. One of the fears then stressed was lest the use of academic tests for recruitment would have the effect of reducing drive, initiative, and receptiveness to new ideas among the new officers, whose training, it was felt, was too narrow and would produce too limited a horizon. It was said that they would be marked by "the idiosyncrasy of one class of minds,"<sup>1</sup> and this not the most

<sup>1</sup> See above, Chapter II, p. 33.

appropriate to their subsequent duties. We can recall the remark of Chadwick that the new system would admit the man who could write a thesis explaining why steam navigation was impossible and preclude the man who accomplished the feat. It was believed that these limitations would result from the fact that recruits would come from a narrow caste with one particular kind of training, instead of being a fair sample of the varied talent of the nation and of its different types of experience and education.

There has indeed been criticism in recent years which has taken very much the line of these gloomy predictions. In other words, the cause of this particular weakness lies, on this reading of the case, in the effective restriction of recruits to the administrative grade to those who have the single preparation of advanced academic study, but who have no other experience of the world. This may well have been accentuated by the common social background which education at the older universities has implied. When, as has been the case of recent years, more than half the headships of departments have gone to men not recruited through the regular examination to the administrative grade, it is reasonable to doubt the adequacy of that method of recruitment. Even if remedy has been found in the matter of the highest posts by going outside the grade, it does not suggest that the slightly lower tiers of the service are as well manned as they should be ; also it means a situation reminiscent of the days of the unreformed civil service, one of the arguments for reforming which was precisely that it proved necessary to fill the higher posts from outside.

Akin to this fear that to select only on academic qualifications would produce a single and unenterprising type of official was another. This was based on the argument that the forcing of young minds into an early blossoming at examinations damages their later development. The need to fit into examination moulds reduces subsequent capacity for originality. Earl Grey in the middle of the nineteenth century was strong on this theme. Not only diminished vigour in after life but less ability in judgment, reflection, and original thought were the consequences he foresaw. With the similar view expressed by Mr Dale nearly a century later

Professor Chorley shows himself in some agreement, speaking of "the early history of the average civil servant which is one prolonged bout of preparing and sitting for examinations during the period when vitality ought to be building up, not being drained away. Only men of exceptional vitality emerge unimpaired from such an ordeal, and in this may well be found the reason why such a large proportion of the men at the head of departments did not enter the service by the normal examination for the administrative grade. Again, as he points out, a drained vitality is likely to fade out in middle age, just when a civil servant reaches a position of real responsibility.

"No university teacher can doubt that there is a considerable element of truth in this view. Boys and, still more, girls of scholarship calibre from all schools except the public schools, and many from the latter also, are beyond question overworked at school, and often appear at the university half squeezed out. By the time they have taken a first and prepared for the civil service examination the rest of the juice may well have gone. The universities must undoubtedly accept the main share of the responsibility for this state of affairs—there are encouraging signs that they are awakening to this matter."<sup>1</sup>

This emphasizes once again the dependance of the civil service on the educational system. Lord Grey's strictures were based, at any rate in part, on the assumption that the acquisition of knowledge rather than the development of the powers of reflection and judgment was the end which university education served. That was truer in his day than in ours. Equally, examinations if narrowly conceived and conducted will be devitalizing in their effects ; but there is no need for them to be so, and they can be directed rather to the testing of powers of thought than of the accumulation of knowledge. Such improvement is indeed the present tendency. The danger still remains, however, and there can be no doubt that it applies particularly to the scholarship system, the influence of which must to some extent be to encourage the feeling that success in a series of competitions from school

<sup>1</sup> *Agenda*, Vol. III, No. 4, p. 112.

through university to civil service examination having produced its prize, office in administration, there is some finality in this and a right to feel that ultimate understanding has been reached. There may be an inclination, albeit unconscious, on the part of some to regard entry into the service as a culmination rather than a beginning. Exceptional though this may be, it has some importance.

Excessive routine during the years following recruitment is bound to bring out any latent tendency there may be in that direction. Especially is this likely to be true of years without responsibility, in which originality is neither called for nor welcomed. An inquiring spirit and receptiveness of mind are inevitably blunted by disuse. The new official may feel that they can be suitably relegated to his student period by the time he has been fully broken in to the traditional routine of his office.

That routine itself is associated with another possible cause of lack of initiative in the civil servant. It is claimed by many, both inside and outside the service, that the exaggerated fear of making any mistake that might lead to Parliamentary criticism is a stultifying factor in all public administration which comes under the direct supervision of Parliament. To such an extent is administration geared to the constant flow of Parliamentary question and answer that all other matters with which an official is dealing may have to be set aside when a question is asked. It is his natural wish that no questions shall be asked, but particularly that there shall be none difficult to answer without throwing doubt on administrative justice or efficiency. There is nothing he can do to prevent questions. But he can seek to avoid actions which are likely to involve them. Above all, he learns early that his most heinous crime is to enable an M.P. to score a point against his political chief.

To avoid mistakes that will lead to public criticism is, of course, a praiseworthy object in any public servant. This is true whether the criticism is voiced in Parliament or elsewhere. A certain amount of impatience over ill-informed criticism or over the answering of questions which involves more work than their

importance appears to justify is understandable. But the inconvenience to the civil servant is a necessary and, on the whole, a relatively small price to pay as a safeguard against bureaucracy. The contention is, however, that it encourages not the bureaucracy that some allege but the tendency to play for safety. No action at all or action only after a slow and meticulous process of considering every possible line of criticism seems better to the official than anything however obviously sensible which may run the risk of Parliamentary or press questioning. On the whole this argument is probably over-weighted by those who see the temporary inconvenience without giving enough thought to the wider issues and the long-term advantages. The civil servant ought to be able to take such difficulties in his stride and not to be deflected by them. To counter ill-informed criticism or attack by 'interests' the strength of the minister's position should avail. He should not be afraid of either. Better-based comment he ought to be prepared to meet also, since it raises the considerations which he should already have dealt with in helping to frame policy and implement it. The answers he has already given to himself are those to be given to the questioner.

Perhaps a little more realism is called for both by ministers and by Parliament in the admission that occasional mistakes are inevitable, and that neither is condemning a whole department but merely fulfilling a proper function in disclosing and rectifying them. It is, indeed, only the weak minister who is afraid of such realism. Equally, it should be only the second-rate official who is deterred by the fear of subsequent questioning and criticism from advice or action which he thinks proper and right. So, if it be true that initiative in the civil service is reduced by the fear of Parliamentary criticism this is the consequence rather than the cause of deficiency in the civil servant. For he will realize, if he is of the required calibre, that lack of initiative is a more serious defect, and 'playing for safety' worse than the taking of risks for which he can give reasonable justification.

Dr Robson has expressed the view that "the most conspicuous fact about the present situation is the depressing effect on

departmental initiative and administrative energy of continual liability to Parliamentary inquisition on points of minor detail. An excessive caution becomes the indispensable passport to eminence in official life."<sup>1</sup> But the remedy, it is here suggested, does not lie in removing the public servant from supervision by the representatives of his masters, the public, in Parliament assembled. It lies first in encouraging ministers when selecting for high office to look less for qualities of caution than of enterprise and constructiveness. Secondly it lies in recruiting and training for qualities of initiative and enterprise, courage and self-reliance, and that understanding of the workings of the unofficial mind which together will equip the official to anticipate, comprehend, and meet criticism. When this is only of detail it might even be welcomed as implying that principle and substance cannot be at fault.<sup>2</sup> A third method of strengthening the hands of the public servant against misguided attack is to be found in the development of educative publicity, whether in the form of Government information services or of the departmental public relations officer. There can be no doubt that in this there exists a valuable instrument for explaining policy and winning informed support for it. It is a new and useful weapon with which the administrator can anticipate and counteract malicious or ignorant inquisition.

The causes of the second general deficiency—which is ‘remoteness,’ or lack of humanity—have already been touched upon. It was submitted that they lay in the kind of educational training which the great majority of recruits to the administrative grade had received before entering the service. The cause in that case would be closely linked with the other deficiency just examined. A training outside the humanities may have the effect not only of a limited horizon and an unenterprising approach to modern problems but also of a lack of human interest and understanding of everyday life among the general body of the nation. Subjects of study, however, cannot be dissociated from direct personal experience as influencing the formation of the mind and character. This

<sup>1</sup> *Public Enterprise* (edited by Dr W. A. Robson), first edition, 1937, p. 378.

<sup>2</sup> See also below, Chapter V, where this question is discussed in relation to the Public Corporation.

in turn is affected by two matters, social background and experience of life outside educational institutions.

The normal recruit in the past has entered the service straight from the university. He has had no experience of any other profession. Still less has he earned his living in any of the occupations which are the lot of nine-tenths of other people of his age. The educational requirements and age-limits have precluded such experience. But, of course, by the time he enters the administrative grade his contemporaries will have knocked about the world and have been employed as wage-earners for many years. Nor is it likely that he will have shared the experience of the manual or clerical worker by living with them. For if one fact clearly emerges from the long trial of entry to the upper ranks of the service by open competition, it is that the successful entrant has come, with rare exceptions, from the wealthy and professional classes. Their social background has been strikingly uniform. This has meant, too, that the civil servant of this category has mixed but little, after entry, with people of other backgrounds, since his colleagues have come from the same sphere as himself.

The high barrier to promotion from the lower to the upper division of the service has prevented the replenishment of the latter by people of different experience. It was feared by some critics of the Trevelyan reforms that the barrier would prove too rigid and that this would result in a diminution both of justice and of efficiency. Undoubtedly an effect has been to strengthen the tendency for the higher ranks to be recruited from a closed caste, socially as well as educationally, with all the defects of contact and sympathy which a closed caste inevitably suffers from. There have been notable exceptions. Such criticism, moreover, is no reflection on persons, but rather on the system. And the principle of that system has been clearly defined, at least since the Playfair Commission laid it down that promotion from one grade to another should be rare and exceptional. The anticipatory fears of the critics would seem definitely to have been confirmed in the event.

Nor is the very interesting experience that the exceptional person, who has successfully climbed from the lower to the top

grade, has not on the whole shown himself to be more endowed with the lacking qualities of originality and humanity than the normal recruit any refutation of this argument. What it means is that the imprint of the system has been planted even more firmly upon him, partly because he can less afford the risk of appearing to be different, than it has on his directly recruited colleagues. It is a reflection also on the method of selection for such exceptional promotion. The qualities looked for are those which will enable him to fit. "The average promoted man is disappointing," writes Professor Chorley. "One would expect to find those who have worked their way up filled with exceptional energy and initiative, whereas they are filled only with exceptional industry and regard for precedent. They are almost invariably men of personal charm, so much so that one wonders whether selection boards place this quality as the first desideratum, exceptionally helpful, and, indeed, full of human qualities. But they are apt to shy at accepting personal responsibility for any step at all away from the recognized paths, are peculiarly susceptible to any possible criticism, and, in short, represent the service in its more static, rather than its more dynamic aspects."<sup>1</sup> Although promoted men have occasionally reached high rank, and Sir Horace Wilson reached the head of the service, it cannot be claimed that on the whole they have so far shown superior qualities to those of the normal entrant into the administrative grade. Nevertheless, freer entry by promotion might be expected to widen the experience and deepen the humanism of the upper division. To do so, however, it would need to be organized with the object of discovering the qualities sought, and above all of ensuring that the selection takes place at a time when the officer is young enough both not to have lost his powers of originality and to be able still to learn.

### (iii) *Remedies*

Again, while discussing deficiencies in the civil service and the reasons which explain their presence, something has inevitably

<sup>1</sup> *Agenda*, Vol. III, No. 4, p. 120.

been said as to possible remedies. It will be as well to regard the problem now more particularly from that angle, summarizing what has already been suggested and attempting to complete it by further proposals.

A more enterprising spirit in the civil service is likely to result from seeking for and encouraging the quality of initiative, and there are several ways in which this can be directly done. But it is also likely to be the by-product of dealing with such other defects as an unscientific approach to administration and too restricted a caste system of recruitment. The direct remedy is to be found first in improving the policy of selection for promotion. In other words, there must be a different approach from the top ; and this applies to ministers as much as or even more than to the permanent heads of departments and the chief establishment officers at the Treasury whose attitude is ultimately governed by what they believe ministers want or will accept. The Permanent Secretary to the Treasury has here an important function to perform. The directive must come from above. There must be a clear-cut policy of testing men for inventiveness, of seeking and rewarding initiative, particularly among younger officials, of looking out for the man who shows original thought whether in his departmental day-to-day duties or in his extra-departmental activities, and whether that originality is wholly acceptable or not. It is not caution nor even the ability to avoid making enemies which should be the main criterion. Great administrators have always been men who have known when it was more important to do the required thing than to avoid giving anyone offence. For such policy to be put into effect it is necessary that the establishment division of the Treasury should be strengthened by the addition of staff trained in psychological testing. The appointment of selection boards should be made with the same requirement in mind. Central authority over promotion should be extended beyond the three categories of chief officers, who since 1919 have been appointed on the advice of the Permanent Secretary to the Treasury, and should include appointments at the level of Assistant Secretary.

The cure for loss of initiative is also to be sought in reducing the length of time that officials are kept on routine work. Some amount of responsibility should be given early. Ten or fifteen years without it is enough to kill initiative in most people. Excessive routine in the early years may dull originality for ever. It has been the view of successive committees of inquiry that promotion from Assistant Principal to Principal takes too long in some departments. There has also been general agreement that the young official should be given experience in the field, that he should be sent to out-stations and not confined to headquarters.

While the need for more attention to post-entry training arises out of the tendency to undervalue the wider aspects of administration, there can be no doubt that if it is given as intended it will have the further effect, to be expected from any appropriate enlarging of experience, of encouraging originality of mind, of discouraging a narrow, routine approach. The needs are for greater mobility, more careful training, and periods of leave for study, research, and enlarging of experience. But, above all, what is required is to crush the idea that a man is not suitable for promotion to high or responsible office until he has reached the late thirties or early forties. For by that time, without intervening opportunities, he will almost certainly have learnt to rate caution above ideas, and precedent above experiment.

In these matters the internal organization of the civil service can itself provide the remedies. But there is something that can be done also in the field of education. The responsibility for improvement here lies with the state through the Ministry of Education, with the new Director of Training and his colleagues at the Treasury, and with the universities. The first should see to it that the requirements for scholarships are less restrictive and narrow and impose a less stunting burden of acquiring information on the school-child. The second should enter into the closest association with the universities and institutions of later education, both to obtain assistance from them and to bring official assistance to them in the matter of research and education, especially in public administration and the social sciences. The universities them-

selves need to improve examination technique, particularly at the stage of entry, and to devote more of their funds and energies to political and social science.

It may be, too, that the post-war reconstruction examinations conducted by the Civil Service Commission embody a principle which should survive after the transitional period from war to peace is over. They have necessarily had to abandon tests in scholarship in favour of psychological tests aimed at discovering such qualities as ability to master knowledge, to think quickly, to produce original ideas, and generally to show initiative and good judgment. Provided such tests are properly conducted by men of appropriate ability and experience, they should undoubtedly be combined in greater degree in future with tests of scholarship. In fact, they should replace the pre-war interview, the inadequacy of which has long been accepted, more weight being given than before the war to such selective interviews. In the post-reconstruction period these should be held in conjunction with the old competitive examination based on work at the university level.

Attention should be paid also to keenness of interest. An employer examining applicants for a post will naturally be concerned with their qualifications. But if he is wise he will try, too, to estimate the degree of interest they are likely to take in the work. For he will know that no qualifications will make up for lack of keenness, and that a lively interest in the welfare and success of the business will beget imagination and initiative and equal in value much past intellectual training or acquisition of knowledge—indeed, that it is a prerequisite of continuing alertness, and a condition that qualifications existing at the time of appointment will not atrophy. The state should act similarly. It should recognize that interest as well as ability is necessary. Policy should also be adapted to this, both in the original allocation of the new entrant to a department and in determining his transfer. It is not enough that the former should be governed by the place he wins in the examination list, nor the latter by the willingness of the department in which he finds himself to agree to his being moved. Continuing appraisal of the official throughout his career

should take into account the suitability for his actual department shown by his development. Such a function, which is wider than that of dealing with promotion, must clearly be performed by a central department having the fullest responsibility for seeing that the best use is made of the civil service as a whole, and which cannot be overruled by narrow sectionalism.

Such proposals link naturally with those for meeting the second general deficiency, ignorance of the scientific approach to and background of administration. For the remedy here indisputably lies between the universities, on the one hand, and the Treasury and Civil Service Commission, on the other. In fact, it requires a closer marriage between both sides. When the original policy for reform was put forward in the Northcote-Trevelyan Report it was accompanied by a scheme of examination which was the fruit of consultation by the authors of the report with one of the educational authorities in the university life of the time ; indeed, this scheme was drawn up by Jowett himself. There can be no question that consultation, both in regard to entrance examinations and to subsequent training, should be continuous. Had it been so, many great advantages might have resulted. Not the least of these might have been an awareness on the part of the Treasury of the work in the field of study and research being carried on by university departments of politics and public administration. More attention might have been directed, too, to similar work in foreign universities and to the immense potential value of comparative studies in this subject.

More use might have been made of such work, and the work itself might have been helped and directed into yet more useful channels. But, in particular, it could have exercised a much greater influence on the range, choice, and weighting of the subjects for the Civil Service Commission's examinations. In these examinations those subjects most directly suited to preparing the mind of the would-be official for his later life and career have been seriously under-weighted and too narrowly restricted in scope by comparison with the older disciplines of classics and mathematics. Similarly, the value to the civil servant of association with this

channel of university activity after his entry into the service might not have been so consistently overlooked. That need, recently recognized by the Assheton Committee and met in some measure by government action to secure post-entry training, could have been met much earlier and should now be met more fully. When the government of the day appointed the MacDonnell Commission on the Civil Service it secured adequate representation among the personnel of the Commission of university people concerned with this line of study ; the result was a series of reports, both majority and minority, of great value and influence. By contrast, the Tomlin Commission contained no such adequate representation, and its report cannot be compared in value with that of its predecessor.

Recruitment examinations need to be improved in two ways. Greater stress on a more fairly and scientifically conducted interview has already been mentioned. It should also be much more fully realized that the original reasons for determining the content of the written examination on its traditional lines have been fundamentally modified by subsequent educational changes. John Stuart Mill answered those who criticized the policy of making the examination consist of classics and mathematics by the irrefutable argument that tests of those who had studied at universities could only be in subjects taught at the universities. Chadwick was dissatisfied with Macaulay's argument that academic success reveals ability and character regardless of the field in which it is achieved, pointing out that preparation for civil service duties needed to be in cognate subjects, and that intellectual training for later work was likely to be more valuable the nearer it was in subject-matter to such later work.<sup>1</sup>

The time has now come to recognize much more fully the wider range of university studies and the existence of the social science field of intellectual training. This should not merely, as hitherto, be somewhat grudgingly admitted as providing an additional body of cinderella subjects to be allowed by the Civil Service Commission ; it should be made the normal preparation for administrative

<sup>1</sup> See above, Chapter II, p. 34.

public service. The civil service examination should reverse the emphasis in its weighting of subjects with this end in view, although it should not go to the other extreme of wholly excluding the person trained in classics, mathematics, or pure science.

The third line of remedy lies in training after entry. The proposals of the Committee on the Training of Civil Servants are to be commended in this connexion. They afford a recognition of the past inattention to this whole subject, and their application ought to produce valuable results, although it is clear that they need some modifications. They fall under two heads, according as the training envisaged is general and given immediately on recruitment or is specially calculated at a later stage to prepare for higher posts. The first amounts to three months' initiation into the profession by way of lectures and discussions mainly given and organized by civil servants. The Committee recommended that these should cover :

"(1) An explanation of the functions of the various departments and their relations with the public.

"(2) The financial and Parliamentary background of the administrator's work.

"(3) A study of the administrative machine, indicating the type of organization through which government departments have worked, the agents and mechanical devices at their disposal, and the technique of orders, forms, codes of instructions, etc.; the internal organization of a headquarters office, and the use of the expert by the non-expert.

"(4) Study of the meaning of the term 'administration,' with illustrations from large-scale administrative schemes put into operation in the past, showing what circumstances the administrator has had to bear in mind, how he has obtained the necessary data for decision, what considerations have led to the adoption of particular expedients, and how far and for what reasons they have proved successful or unsuccessful.

"(5) Methods of securing the co-operation of the public in the operation of a policy.

"(6) Inculcation of high civil service standards ; the need for a sense of urgency, and for accuracy and decision ; avoidance of incomprehensible instructions and the appearance of uncertainty of purpose ; and the need for constant comparison of performance with the standard attainable.

"(7) The course should include some training in methods of preparing and presenting statistics, and the logical principles underlying their interpretation. Government policy must often be largely based upon statistical evidence, and there is scope here for some training in a subject which is of vital importance to the efficiency of the service."<sup>1</sup>

It must be doubted, however, whether such a programme can possibly be properly covered in so short a time, particularly if it is coupled, as the Committee wisely thought desirable, with a beginning on the part of the new entrant to perform ordinary duties. The proposal clearly reinforces the argument put forward above for a grounding in the social sciences. Moreover it illustrates the difficulty of treating on the same footing those who have and those who have not received such a grounding. The former are likely to benefit most from hearing officials give the gleanings from their practical experience. They will be possessed already of a wider framework into which to fit such lessons. The latter will stand more in need of that larger treatment which is more likely to come from the university teacher. Both need the illumination which is shed by an approach from the angle of history, science, and philosophy, as well as that which the practical artist can supply. Width of perspective and an understanding of the dynamics of social change are at least as important as a description of legal powers, administrative practices and precedents, and practical experiences.

To take an example, "the financial background" of administration means not only the procedure of appropriation, the practice of Treasury control, the customs which govern dealings with finance officers ; it must mean also some understanding of the limits within which money can be regarded not as a restrictive

<sup>1</sup> Report, Cmd. 6525 of 1944, p. 28.

measuring rod but as the instrument of an expanding economy. The conclusion follows, therefore, that the provision of such central training calls for active university participation and the direct contribution of members of university teaching staffs, even though its administrative organization is, as already provided, in the hands of the new Director of Training and Education at the Treasury.

The Committee did not go far enough in this direction in stating merely that "the tuition would, we contemplate, be provided partly by persons expert in training or teaching and partly by experienced civil servants able to impart the fruits of their experience." The place at which such training should be given is also affected by these considerations. It ought to be in a university institution, or closely connected with one, partly because of the need which the Committee recognized for highly developed library facilities, and partly for the atmosphere and community of scholarship there best to be found. The relevance of the offices of the Civil Service Commission, which the Committee recommended as a centre, is not apparent in this connexion. But the idea that "from such modest beginnings might develop a centre which could serve as a clearing house of ideas for civil service administrators" is an important one : where could it be better implemented than in a university institution, by its nature concerned with scientific research into public administration and social problems ? It cannot be too often stressed that co-operation between universities and administration is likely to have valuable effects on both.

The Committee itself accepted such implications in its views as to what should be done under the second head—training for high office at a later stage in the civil servant's career. Here it thought that "existing academic institutions would be able and willing to provide courses adapted to the needs of civil servants in such subjects as the social sciences, economics, and statistics."<sup>1</sup> Yet it was apparently to the centre mentioned earlier, and domiciled under the wing of the Civil Service Commission, that it looked for the provision of refresher courses, "research into particular problems, and the study of developments in the sphere of public

<sup>1</sup> Report, Cmd. 6525 of 1944, p. 32.

administration."<sup>1</sup> There are as patent advantages in associating the latter as the former with the universities.

For special training in the early thirties the civil servant destined for the highest responsibilities needs "to get away for a time into a different atmosphere altogether." There are various means of securing this, such as secondment to a local authority or business concern, but there can be no doubt that the best method is sabbatical leave coupled with some element of research or investigation. This is likely to be especially valuable where it is for the purpose of comparative study entailing a visit to a Dominion or foreign centre of government. For this has the double advantage of ensuring a complete change of surroundings and the undertaking of a piece of work which may be expected to be of value to the official as a broadening influence and to the efficiency of administration as throwing light on methods adopted or lessons learnt abroad.

Such research if it were undertaken with proper supervision by persons accustomed to dealing with research would be the more likely to contribute to these ends. That is to say, again, that the place from which it could be most suitably directed is a university social science faculty. There can be small question that the young official given that opportunity would return to his place in the public service, after such a break in his routine, refreshed, better equipped for responsible duties, and more able to bring to them the qualities of originality and inventiveness of mind.

To summarize : there are several ways of combating the tendency to 'amateurishness.' This preference of rule-of-thumb methods over a scientific approach to the problems of public administration springs from ignorance of the subject and lack of a training in the social sciences. The first is, therefore, the fuller recognition and use of the work of the universities in this field and support in its development. The remodelling of the recruitment examination is the second, and this would be aimed both at making social science subjects the normal body of the scholarship tests and at laying greater stress on a scientifically devised system of interviews.

<sup>1</sup> *Ibid.*, p. 29.

Thirdly, the implementing of the Assheton Committee's recommendations on post-entry training should be carried further in close association with the universities, not only in its application to the special preparation of officials in the early thirties for the highest posts, but in the provision of a general introduction to the service immediately on entering it. There is also the probability that changes in the organization of departments designed to give greater recognition and influence to the professional and technical officials in the service would make for a more scientific attitude in the administrative grade, but that is a matter which belongs to the discussion of machinery of government and is dealt with elsewhere.<sup>1</sup>

#### (iv) *A Broader Type of Administrator*

The third general deficiency in the civil service was defined as the tendency of the administrative class to be restricted to a single type, to exist in isolation from the rest of the community, or to have the characteristics of a closed caste. With this was associated a certain lack of humanity, and it was suggested that this might not be unconnected with the lack of humanistic subjects in the usual education of this type of official. Another probable cause, it was submitted, was the striking uniformity of social background, and that belonging to a small section of the community, from which recruits have come. This means that on the whole neither their education nor their direct social experience has been of a kind to give them much understanding of the ways of life of any but a confined element of the nation. Remedy, in so far as it is to be found in other forms of education, has already been touched upon, and there can be little doubt that in this connexion as in the others dealt with above it offers potentialities of important improvement. For the essential need is to widen the sources from which administrators are drawn, in order to secure in them a more varied range of experience and approach.

The examination changes suggested would make the scholastic

<sup>1</sup> See Chapter VII; also Chapter IV, pp. 86 *et seq.*

experience more appropriate, but they would also tend to enlarge the field from which candidates come, since the subjects they require are less confined to the older universities. The organization of recruitment tests should be framed with the definite object of tapping the widest sources. The nation's unequal educational structure has always in the past set severe limitations on the availability of candidates for the higher posts, but recent developments in the direction of equality of educational opportunity are tending progressively to enlarge the field. The purpose should be kept in mind of making the upper division of the civil service a microcosm of the nation rather than of a single class within it.

Enlargement of the service during the Second World War by the appointment of many temporary officials at all levels meant for the time being a healthy admixture of new blood. Wisely some of this has been retained. Recruitment by way of the reconstruction examinations, modelled on the methods adopted during the war for the selection of army officers, has during the three years or so of its operation a similar effect. The interruption of normal education after the age of 18 by war service and the consequent necessity to extend the age-limits for entry, as well as to substitute other methods for the mainly scholastic ones of testing the adequacy of competing candidates, also counteracts the tendency for the entrant to be of a single type and of narrow experience. But that is a transient condition, and, as it passes, a return to the old state of affairs is to be feared. The generation which has had the varied experience of serving in one of the armed forces for from three to seven years should have more knowledge of the world to compensate for less academic training. It may be that conscription will have a similar effect.

There is much to be said also for lowering the barriers between both the executive grade and professional and specialist officers, on the one hand, and the administrative grade, on the other. Always provided the necessary introductory training is given on the lines already mentioned, possibly supplemented in such cases by further provision—such as a university course taken in a period of leave for special training—promotion to the latter grade

from these sources valuably enhances the variety of its range of experience. The rigidities of establishment figures should be made to give way to admit cases of exceptional merit, who, in the interest of the efficiency of the service as a whole, could on occasion be supernumeraries *pro tempore*. The Tomlin Commission reported that "about one quarter of the officers now serving in the administrative class had been promoted to that class from other classes."<sup>1</sup> That does not seem to be an unreasonable proportion, and suggests less rigidity than is sometimes supposed.

A third need is to open an avenue for recruitment of older men and women with mature experience of other walks of life. It should be a recognized principle that the civil service can enliven itself by the addition of such persons in their early thirties. Policy must be to steer between the two pitfalls of totally excluding the man with exceptional ability and experience gained in his early years in other countries or in other professions and with a valuable contribution to make, and of admitting so many at this later stage as to discourage normal recruitment by the fear that promotion will be blocked by later entrants. A system which does not recognize the lessons of its own experience that a Robert Morant can be secured in this way stands obviously condemned.

Another method might be the creation of a certain number of temporary appointments lasting a brief period—two or four years—the purpose of which would be to try out the effects of a fresh mind in selected fields of the service. Of this nature was Sir Horace Wilson's scheme to introduce a small group of persons in their early thirties, borrowed on leave from academic life, into one or two selected departments. This was interrupted by the war in 1939, and of course the small stream planned for peace-time conditions became a great river flowing from much wider sources for the purposes of war-time administrative expansion. And it should no longer be necessary, after experiencing the services rendered by such temporaries, to argue the merits of that kind of reinforcement. The wisest policy would no doubt be to combine these two innovations in an integrated scheme. A few of those who came to fill

<sup>1</sup> Cmd. 3909 of 1931, p. 31.

these temporary posts might both be found of such value to the service that they could be offered permanent appointment and might be willing to transfer from their previous careers. The only serious administrative obstacle to the adoption of such a policy is to ensure that such later recruits would not be at a disadvantage in comparison with their colleagues of similar status in their pension rights owing to their fewer years of service ; but, given the decision to adopt the policy, that difficulty could be easily surmounted.

Finally, there is everything to be said for much easier and more frequent interchange between civil servants and outside staffs. Temporary secondment for purposes of training and the widening of experience is one thing ; permanent transfer is another. Both should be encouraged. Both, indeed, have been frequently recommended. Many comparable employments exist, such as the service of local authorities and of public corporations. They are likely considerably to increase with the vast growth of activities under one form or another of public control. There should be nothing unusual in the promotion of a civil servant to high office under a local authority or of a local government officer to the headship of the Ministry of Health.

Similarly there should be easy movement between the officials of the Ministry of Fuel and Power and of the public corporations running the electricity and coal, or even the transport, services of the nation. Administrative as well as professional or technical classes of such public servants should be so organized as to facilitate such interchange. Much can be said, too, for movement between administrative and professional classes. "We believe," wrote the minority signatories of one of the addenda to the MacDonnell Report, "that the creation of two large 'administrative' and 'professional' classes, within each of which and between which promotion would freely take place, would have the effect of improving the efficiency of all the officers concerned by increasing the variety of posts for which, as their individual capacities developed, they would, in fact, be freely eligible."<sup>1</sup>

<sup>1</sup> Fourth Report, MacDonnell Commission ; Cmd. 7338 of 1914, p. 111 ; a note signed by Philip Snowden and Graham Wallas, among others.

The principle there laid down is, indeed, of the first importance. The enlargement of the field from which to draw for filling high office and the widening of the range of opportunity for promotion provide obvious means of enhancing efficiency. In order to apply that principle, a more realistic integration of the various branches of the public service is required. No longer should the civil service proper, in its old form, be treated as a caste apart. The principles applied to its organization, recruitment, promotion, grading, and pensioning should be applied also, with any necessary modifications, to other branches of the public service, whether these latter are controlled by local authorities, boards, or some other kind of governing body. This calls for expanded machinery on the lines of the Civil Service Commission, the central government's establishment division, and the Ministry of Labour's appointments boards to meet these needs.

Something in the nature of a clearing-house for public service staffs is needed. So are appropriate agencies for testing and approving candidates for places in the public services, ensuring that fair and uncorrupt methods are applied, for advising on promotions and transfers, and for laying down the principles of differentiation and grading. It is also necessary that the separate policies on the granting of pensions of different types of public authority shall no longer be in watertight compartments, but shall be brought together into a single system. The obstacle to transfer which so often takes the form of a loss of pension rights must be ended. It is, in fact, perfectly simple to arrange, as it is arranged at present between university staffs under their federated scheme, that an officer on transfer shall carry with him the pension rights which he has already earned. By such means the civil service, particularly in its higher ranks, can be enlivened by new blood and by greater mobility. And so can the other services.

## CHAPTER IV

### The Growth of Specialized Services

**I**N the nineteenth century it was possible to consider the civil service as a relatively uncomplicated unity. Indeed, unification was a logical reform as it was propounded in the Northcote-Trevelyan report, and of clear value was the steady if slow movement towards its achievement which is still taking place. Differences within the nineteenth-century civil service could be reduced to simple terms, such as the division between intellectual and mechanical labour. This distinction, being hierarchical in effect and of general application, itself served to stress the singleness of the service. Originally between first and second division clerks, ultimately between administrative, executive, and clerical grades, rather than between departments or services, it reinforced the structural unity of the civil service.

Of this unity the administrative grade was and is the heart. It is also the brains of the service, on which the efficiency of the whole depended and depends, and by which it is to be judged. That has remained true and must do so, but it is complicated by the enormous growth in the technical activities of the state. For these require the services of an increasingly numerous and important body of officers with professional, scientific, and technical qualifications. And this development in several ways has superimposed new classifications on the civil service and set it new problems in unity. For one thing, it has established a new grade of specialist officials comparable with the administrative grade in quality and considerably more numerous, who do not fit easily into the old structure. For another, it has had some connexion with the tendency to establish specialized branches of the public service, cutting across its unity, as has recently been the case with the foreign service. Finally, but independently, is the growth of

separate public services, largely of technical character, with the development of state-controlled public enterprise. These three disparate forms of specialism and its problems need some examination if the evolution of administrative machinery in relation to the civil service is to be clearly understood, by the layman in present-day terms.

(i) *The Scientific Civil Service*

At the time of the Tomlin Commission civil servants with specialist qualifications rendering them comparable in training with the administrative officers of the service already outnumbered the latter by about ten to one, if the foreign service be omitted from the calculation. That Commission described the position in the following words :<sup>1</sup>

"The term 'professional, scientific, and technical' is applied to numerous important groups of staff employed in a number of government offices. The officers so described fall into two main divisions. First, those who normally possess recognized professional, scientific, or technical qualifications, such as barristers, solicitors, doctors, architects, engineers, and scientific and technical research staff. Secondly, the larger group of subordinate personnel not necessarily possessing any such qualifications, such as draughtsmen, technical assistants, certain supervisory staffs in industrial establishments, clerks of works, and foremen of works.

"Nearly all the inspectorial staffs fall within the first group....

"In recent years there has been a marked increase in the number of specialist officers, more particularly in scientific and technical appointments, owing to the assumption by the state of new or extended spheres of activity, more particularly in connexion with various forms of research work.

"At the present time, there are approximately 10,200 officers in the first and 11,500 officers in the second of these two divisions. The combined total of 21,700 represents between 6 per cent. and 7 per cent. of the total non-industrial staff of the civil service, or

<sup>1</sup> Cmd. 3909 of 1931, p. 49.

about 18 per cent. of that total if the minor, manipulative, and messengerial classes are excluded.

"Specialist staffs cover a wide range of duties, and members of almost every recognized professional, scientific, or technical calling are employed in one or other department. Almost all these staffs are organized on a departmental basis. We were informed by the Institution of Professional Civil Servants that there were 'more than 500 distinct grades, differing not merely in technical nomenclature but also in their standard of remuneration.' "

For the more purely scientific elements among this body of civil servants there has since developed a tendency to establish a special branch of the service. The first steps in this direction were taken, and then in a somewhat dilatory manner, as a result of the recommendations of the Carpenter Committee, which reported in 1930. Its findings were endorsed with little supplementary contribution by the Tomlin Commission. They were applied in the form of the creation of common grades, which were not brought fully into operation until 1936, but which for the first time gave to this branch of the service an acknowledged cohesion and status, and held out to the entrant the prospect of a career with accepted stages of advancement.

But these first steps did not go far enough. It proved necessary to set up a further committee of inquiry during the recent war. This, under the chairmanship of Sir Alan Barlow of the Treasury, reported in 1943, and it showed the anticipations of the Tomlin Commission to have been ill-judged. "Our conclusion is," the latter had said,<sup>1</sup> "that the [Carpenter] Committee's proposals as regards remuneration and organization should ensure the recruitment of a satisfactory body of research workers." The Barlow Committee refuted this in the most forthright words: "All the evidence before us points to one main conclusion, that the government failed in peace-time to attract into and retain in its service a proper proportion of the best scientists produced by the universities. Although government departments, like similar departments in industry, do not require more than a certain percentage of

<sup>1</sup> *Ibid.*, p. 55.

first-class men among their scientists, the present situation, in which in general the universities and industry obtain as compared with the government an unduly high proportion of the best scientific talent available, is one which must be remedied. The fault seems to us to lie partly in the standards of remuneration and the prospects of promotion offered, but at least as much in general conditions of service and the relations between government research organizations and the scientific world outside."<sup>1</sup>

Meanwhile there had been great increases in the numbers of scientific officers at all levels. This was largely in the defence and supply departments, but it extended to others, and no one could doubt that the peace-time public services would contain an even larger force of scientific officers than had been the case before the Second World War. Of course, during the war the difficulties in the way of attracting sufficient recruits to this branch of the service did not arise, but there was every reason to ensure that they should be overcome in the freer conditions of peace-time recruitment. The consequence was the considerable further steps announced in the government's White Paper, *The Scientific Civil Service*, issued in September 1945. Not only did this accept the Barlow Committee's recommendations, it carried some of them further. Its opening words set the framework, and are worth quoting :

"The Government have decided that the scientific civil service is to be reorganized. They are deeply conscious of the contribution made by science towards the winning of the war, a contribution which may have altered the whole course of the war and has certainly shortened its duration. They are equally conscious of the contribution which science can make during peace to the efficiency of production, to higher standards of living, to improved health, and to the means of defence. They are resolved that the conditions of service for scientists working for the government shall be such as to attract into the civil service scientifically qualified men and women of high calibre, and to enable them after entry to make the best use of their abilities, in order that scientists in the

<sup>1</sup> See annex to *The Scientific Civil Service*, Cmd. 6679 of 1945, p. 10.

government service may play their full part in the development of the nation's resources and the promotion of the nation's well-being."<sup>1</sup>

The changes inaugurated by this declaration of policy have, in fact, gone a long way towards establishing the distinct grade or branch of the civil service which the title now officially given to it, the scientific civil service, would imply. Common grades with improved pay, made more commensurate with the standards of the administrative grade both at the time of recruitment and in ultimate prospects, constitute one such development. Another is the establishment of an inter-departmental panel for considering promotions and transfers and ensuring uniformity of standards and for improving administrative liaison between departments. Consisting of the heads of scientific branches, under the chairmanship of the Secretary of the Department of Scientific and Industrial Research, and containing also members nominated by the departments to represent their administrative staffs, this panel is a supervising and co-ordinating body for the whole of the scientific civil service. It is charged also with the "responsibility for keeping under review the well-being and efficiency of the government scientific service and for making proposals for any changes in the organization or conditions of service which would promote the well-being or increase the efficiency of the service."<sup>2</sup>

No less important is the acceptance of the Barlow Committee's recommendations, which were designed to encourage freer collaboration between civil servants and scientific workers in the university and industrial world. "In particular the government view sympathetically the recommendation that secrecy restrictions should be as much as possible relaxed, and scientific workers in government service encouraged both to publish work of their own and to discuss their work with persons outside the service engaged on similar problems."<sup>3</sup> The proposals thus accepted for reducing the 'isolationist' tendency of government service include development of contacts with universities, temporary interchanges of staff, a sabbatical year for work at a university or other institution

<sup>1</sup> Cmd. 6679 of 1945, p. 1.

<sup>2</sup> *Ibid.* p. 3.

<sup>3</sup> *Ibid.*, pp. 3, 13, and 14

at home or abroad at the expense of the department, close contacts with industry, and departmental interchanges. In line with these recommendations is, moreover, the provision that "in order that pension arrangements may not constitute a barrier to interchange of staff with the universities, almost all scientific officers in the permanent service of the government will be brought under the Federated Superannuation Scheme for Universities." For this means that henceforth transfers in either direction can take place without there being any loss of pension rights.

The status of the specialist in the civil service has for long been a source of friction between the scientists and the administrators, and a cause of discontent among the former. It is significant, therefore, to note that the assimilation of the scientific civil service to the administrative grade of the civil service is increasingly accepted. The comparability of the training and attainments of the recruit to the specialist class and to the administrative class has already been pointed out. The Institution of Professional Civil Servants should be pleased to have won official recognition of this comparability. The Barlow Committee's terms of reference had as their first point "the comparison between the initial salaries of administrative entrants and scientific entrants." The White Paper lays it down that "the salaries of the most highly qualified members of the scientific service are to be brought into relationship with those of the Administrative Class ; at the recruitment stage they are to be aligned to them." The Barlow Committee recommended the narrowing of the gap between the salaries of the highest scientific and administrative officers, and also the "more frequent transfer of suitable scientists to the Administrative Class." It continued as follows : "It is considered that, if transfers of this kind were more frequent, the business of government might well benefit from the introduction of a different outlook, particularly in departments whose work is concerned with scientific and technical processes, and wider avenues of promotion would be opened up for scientists."<sup>1</sup>

<sup>1</sup> Cmd. 6679 of 1945, p. 12.

The desirability of a widening of the outlook and experience of the chief administrators has already been touched upon.<sup>1</sup> This is one method. The need for it is reinforced by the figure produced in evidence before the Tomlin Commission by the Association of Scientific Workers. These showed that out of 96 entrants by way of the competitive examination to the administrative grade between 1925 and 1929 only 6 had taken science degrees and 7 mathematics as against 29 in classics and 8 in other languages, the figures for 1910-14 being, respectively, out of 170, 9 and 22 against 92 and 6.<sup>2</sup> The penetration of the administrative class by more persons with a scientific training should certainly have the effect of broadening its outlook. But this is not, of course, to endorse the claim often made by the specialists that there is something inherently wrong in the fact that "scientific work is dominated in the sphere of government by non-scientific people." That is another point—namely, the place in the machine of government which should be occupied by the expert.

It may be true to say that the advent of the specialist class has tended to upset the structure of the civil service, as is contended by the professional,<sup>3</sup> but it would be truer to say that it has added complications and posed new problems—above all, that of the relationship between administrator and scientist. This has not been made easier by mutual failure on occasion of each to understand the function and necessary contribution of the other. Such failure is indeed less pardonable in the administrator, because it is part of his duty to appreciate and use the services of the specialist. And there can be no doubt of the tendency in the past for administrative officials to underestimate the specialist, and to keep him at arm's length. Apart from the exceptional gross failure to consult the specialist, of which slight evidence was forthcoming to the Tomlin Commission, is the much more real criticism that the expert is kept in an outer ring which full knowledge of policy-making does not reach. Sir Arthur Newsholme's testimony is to

<sup>1</sup> See above, Chapter III.      <sup>2</sup> Minutes of Evidence, p. 1104.

<sup>3</sup> See, for instance, *The Expert in the Civil Service*, by L. A. C. Herbert (Institute of Public Administration Conference, 1944).

the point. "I had no real difficulty," he wrote, "in consulting the Secretary and the President when I desired this; the difficulty was to know beforehand when important public health matters—sometimes they arose out of my own minutes—were under discussion between the President and Secretary, and thus to secure a voice in the final discussion before decision. A similar difficulty applied to the Medical Officer's relation to Assistant Secretarial Officers."<sup>1</sup>

It is the contention of the specialists that their advice has too often to be presented through administrators and is distorted in the process. In other words, they contest the validity of the hierarchical structure when it is applied to their relations with the minister and the administrative official. "The relation of the Secretary to the expert should be that of *primus inter pares*."<sup>2</sup> It is claimed too that the position of the specialist in central administration is more circumscribed and allows him less freedom to influence policy or to express his views at the time and place where they ought to be expressed than is the case in local government. "Although in many sanitary areas there was often delay in carrying out necessary work, the Medical Officer of Health always had the satisfaction of knowing that delay and opposition to reform occurred only after ample discussion between expert and non-expert officials and between them and the elected representatives of the ratepayers; whereas there was no certain guarantee of similar systematic exchange of values in central administration."<sup>3</sup>

The case was put fully, but not very clearly, by the Institution of Professional Civil Servants to the Tomlin Commission. Their claim seems to have been a threefold one. They wanted to ensure that no decision involving technical questions should be taken unless the specialist concerned had the opportunity of presenting his advice directly to the official, or the minister, taking the decision. With this view the Commission concurred. It is indeed unanswerable. They urged, secondly, that in order to ensure

<sup>1</sup> Sir Arthur Newsholme, *The Last Thirty Years in Public Health*, (1936), p. 49; see also Sir John Simon, *English Sanitary Institutions* (1890), p. 355.

<sup>2</sup> Newsholme, *op. cit.*, p. 50.      <sup>3</sup> *Ibid.*, p. 59.

that expert advice should reach the highest quarters departments should adopt the board system of internal organization. The Admiralty was mentioned as a suitable model. The heads of technical divisions would by this means be given equality of status with the administrative head of the department. With this the Commission did not agree, and here again it is difficult to see how their conclusions can be challenged. "We regard it as essential that, in the normal type of administrative department, there should be one officer responsible to the minister for the advice tendered to him and for the conduct of the department. That officer must be the Permanent Secretary. We do not, therefore, recommend any extension of what is known as the board system. Such a step would not be to the advantage of ministers and would tend to delay business. On the other hand, we regard as conducive to good administration the system of periodic informal conferences, presided over by the minister or the permanent head of the department and attended by heads of branches. We note that this procedure is already in force in several departments."<sup>1</sup>

The third source of complaint related to the 'atmosphere' in which experts and technical questions are dealt with. It is more intangible but perhaps more real. Partly it amounts to a claim for improved status for the specialist in the departmental set-up, partly to a criticism of the superior authority of the administrative grade official. To some extent it is being remedied by the upgrading of the scientific civil service just described and the assimilation in pay and status of the two grades. But essentially it is not a criticism of the organizational structure, which requires that the administrator or policy-maker should be placed over the specialist adviser, although the specialist occasionally presents it in this light ; rather is it a criticism of the capacity shown by the administrative official for fulfilling his task in this more complex and technical age. If the administrator fails to acknowledge the full value and necessity of the expert's contribution, if he is jealous of the latter's claims or fails to bring him sufficiently into the

<sup>1</sup> Report, p. 51 ; generally on this subject Chapter VI of the Report, and Questions 16,014-16,275 of the Minutes of Evidence.

policy-making counsels of the department, it is not surprising that he should retaliate by putting his own claims in extreme, and ultimately unjustifiable, terms.

One mistake breeds another. It is certainly a mistake to suppose that the functions performed by the administrator call for less ability and *expertise*. That has already been argued. Certainly it is the case that one thing the administrator must learn is the part and contribution of science in modern society. He must learn how little he knows. That is the advantage of the layman over the specialist. The job of the general manager is to assess the specialist's contribution, actual and potential, and to encourage it. Only if he is a bad administrator or doubts his own capacity will he attempt to suppress it. But this means that his place is necessarily in the last resort one of authority over the specialist. How to use that authority to public advantage is one of the lessons his training should teach him. Having learnt it, he should know how to ensure the full use and collaboration of the specialist.

But there is also much which can be learnt for the benefit of the administrative grade and the other branches of the public service from the reforms introduced into the establishment of the scientific civil service. It is to be noted, in the first place, that there is provision for the recruitment to this service to be centrally organized under the authority of the Civil Service Commission, with the appointment of an additional Commissioner for this purpose. The importance of this lies in its bearing upon the method of dealing with other specialized services, since it is already applied in the civil service proper, and it will therefore be referred to later. But other changes accepted for the scientific service have a direct relation to reforms which are claimed here to be necessary for the civil service, and particularly for the higher classes of officer. Each is as applicable to that peculiar kind of expert, the administrative class official, as to experts in other branches of science. Their acceptance for one type of civil servant affords recognition of their value for similar types, and their application should be accordingly widened.

They can be briefly summarized. First is the provision for a

superannuation system that will remove obstacles to transfer. The special provision for later recruitment than is possible through the normal entry at post-graduate stage is the second point. If it is necessary to enlarge the experience of the scientific service by drawing upon older people with more varied experience in universities, industry, and elsewhere, so most certainly is it necessary in the same way for those marked out for high administrative office. These officials, too, should be allowed leave for conferences in their special fields and for study during a sabbatical year. Indeed, these are improvements which have been proposed above, and it is necessary here only to remark upon their similarity to changes adopted for the scientific officers. Finally, there is the principle laid down in relation to these that publication is to be encouraged. That the administrator should not only be free to publish, but should be encouraged to undertake the research necessary to do so, has long been a recommendation of the critics. Professor Laski, for instance, has supported this argument with reference to the American practice, giving as an example Mr Wallace's encouragement to Mr M. Ezekiel, of the Department of Agriculture, to publish his views on the reorganization of American farming.<sup>1</sup>

#### (ii) *Functional Special Services*

There have always been specialized and self-contained groups of Crown servants falling within or associated with the civil service. The armed services are an example of the second, the Indian Civil Service of the first. The definition of a civil servant is derived from Section 17 of the Superannuation Act of 1859 and Section 4 of the Superannuation Act of 1887. From these it would seem that there are three necessary elements—full-time employment, paid entirely out of monies provided by Parliament, and appointment either direct by the Crown or with the certificate of the Civil Service Commissioners. More broadly, the Treasury has defined a civil servant as "a servant of the Crown (not being the

<sup>1</sup> See his *Introduction to Passed to You, Please*, J. P. W. Mallalieu (1942).

holder of a political or judicial office) who is employed in a civil capacity, and whose remuneration is wholly paid out of monies provided by Parliament."<sup>1</sup> Neither definition is altogether satisfactory. It is not, for instance, the source from which officials or public servants are paid which should be regarded as the determining factor, but the fact that a minister of the Crown is ultimately responsible for their employment, its conditions and pay, and their activities. The definition according to remuneration has had its convenience from the point of view of the Treasury because it was related to the Treasury's field of responsibility, but even so it was never entirely appropriate. The staff of the India Office, for example, were included, although the cost of that department was met in part from Indian revenues; while certain other groups, such as locally recruited staffs of consular or Admiralty establishments, though paid for out of monies granted by Parliament, were excluded. If, then, this wider definition be adopted, which depends on the responsibility of a minister, all servants of publicly constituted authority may be included, although for convenience the armed services can be excluded.

Thus the Indian Civil Service and the Colonial Service would be regarded as past and present examples of specialized services under ministerial authority. There are two reasons, however, why, important though they are, they will not be considered here. The first is their exclusive concern with administration outside the United Kingdom; the second is that neither is a new development marking the tendency under discussion for new specialisms to be created within the public service. The Colonial Service, though it has that appearance, is in fact more an amalgamation of the separate colonial services into a single integrated one, and it does not include the officials of the Colonial Office.<sup>2</sup> Nor, of course, would either be included in the more limited definitions, since payment is not wholly derived from monies granted by Parliament.

On the other hand, the foreign service constitutes the development of a new specialized functional service within the ambit of

<sup>1</sup> For a fuller definition see Appendix to Part I of the Minutes of Evidence, Tomlin Commission, 1930.

<sup>2</sup> On this see *The Colonial Empire and its Civil Service*, C. J. Jeffries (1938).

the civil service proper. It exists only since 1943. The most important constitutional point about it is the fact that it incorporates the entire staff of one of the principal departments of state hitherto an integral part of the unified civil service. Thus it is a change which may have the effect of placing an important body of public servants at a further remove from the central supervision and control of the authorities responsible for the organization of the civil service as a whole and for the machinery of government. It is important, therefore, that the safeguards should be considered for ensuring application of the principles of the public service within this branch of it. But that is a subject which can best be discussed after examining the main characteristics of the new foreign service.

The changes through which the new foreign service has been brought into being are, first and foremost, the amalgamation of the Consular and Diplomatic Services, the Commercial Diplomatic Service, and the Foreign Office. In 1919 "the Foreign Office was amalgamated with the Diplomatic Service, but the Commercial Diplomatic, and Consular Services remained separate, and the Foreign Office was still regarded as part of the Home Civil Service."<sup>1</sup> The change is thus seen as in some measure a victory for the separatist tendencies which have always been so active in departmental relationships, and not least in those between the Foreign Office and the rest of the civil service. The clear implication is that the new foreign service is no longer regarded as part of the home civil service. Since, however, the Civil Service Commission and the Treasury, in their respective fields, retain their responsibilities in relation to the new service, the effect of the change should not be exaggerated. The chief value of the change lies in the widening of the sources from which the Foreign Secretary can draw in making promotions, but it is also valuable in that it creates a closer association between the commercial, or economic, and the political parts of the service. Together with this development goes an allied one, the inclusion of subordinate staff in this separated foreign service, with the opening to them of avenues of

<sup>1</sup> Proposals for the Reform of the Foreign Service, Cmd. 6420 of 1943, p. 5.

promotion to the senior branch of the service. And another reform which has similarly taken long years to procure is the opening of the service to women.

Second is the provision that "more effective interchange between posts at home and abroad will become the rule." Through equalization of the financial conditions of service the head of the department will no longer be hampered in moving officials between home and foreign duties, with consequent improvement to the conduct of both. By contrast, it has been one of the main criticisms in the past that the officer in missions abroad, through ignorance of developments at home, was failing to secure the information, contacts, and representation required of him, and that understanding of the real character and developments of foreign countries was lacking in the official at home. Interchange is not, of course, enough to ensure adequate improvement, but it is one means.

Another, thirdly, is afforded by altered methods of recruitment and initial training, with much greater emphasis on economic and social study and much less on the expensive acquisition of language qualifications before acceptance for the service. This reform alone should have the effect of widening considerably the social and educational field from which recruits can be drawn, and of democratizing a service which, even since the abolition, in 1919, of the requirement that candidates should have a private income, has remained so much a preserve of the wealthy. Briefly, recruitment is to be by means of a competitive examination immediately after university graduation, with the abolition of the prior selection board, followed by a period of training abroad at the expense of the state. Qualifying examination on these studies will afford definitive entry into the service, the first year of which will be a further period of training at home, partly in the Foreign Office and partly in "getting a grounding in economic, commercial, and social questions." For an experimental period of ten years an alternative method of selection on the basis of records, interview, and examination has been adopted for filling not more than a quarter of the vacancies. Finally, there is the provision that the

Foreign Secretary may appoint not more than two persons a year between the maximum recruitment age of 23 and the age of 30, with the approval of the Civil Service Commissioners, "in order to be able, in exceptional cases, to recruit persons who by their record since completing their education have shown themselves specially suitable for the foreign service." "Such entrants will be chosen by a selection board and will not be required to pass an examination."

Fourthly, there has been adopted for the foreign service a reform which merits general application to the civil service. This is the provision empowering the retirement, without loss of proportionate pension rights, before the normal age of 60, "of officers of the rank of First Secretary, or its equivalent, and upwards, who, though they have committed no fault meriting dismissal, prove unsuited for posts of the highest responsibility and cannot be found other employment in the government service." This is a desirable reform provided it is accompanied by proper safeguards. It does involve the risk, however, that the whim of a single minister might end the career of a valuable public servant whose sole offence is some incompatibility for which he is not solely responsible. It places a weapon in the hands of the minister which if ill-used might encourage the 'yes-men' and discourage the original and independent-minded person. While it is true that the same power is available in the armed services, it is very necessary that it should be properly checked and its use supervised at the highest level of authority. High appointment requires the approval of the Prime Minister, and is made on the advice of the head of the civil service. So also should such decision to enforce earlier retirement.

Finally, there is the reorganization of the administration of the service. This has involved the creation of a personnel department under an additional Deputy Under-Secretary of State. This is concerned with all promotions and appointments. One of its chief duties is to "keep systematic records of every member of the service, based on reports and on personal contacts." Another is the regular inspection of posts and missions abroad. Such a reform is an undoubted improvement in itself; but clearly this

department will prove to be a powerful authority, and, in the absence of a parallel strengthening of the central machinery of government department, it will accentuate the independence and separatism of this branch of the public service. That separateness, with the consequent inbreeding and lack of contact or interchange with the rest of the civil service, was always a cause of weakness in the Foreign Office and a subject of criticism. The exceptionally strong influence of the high officials of the Foreign Office has only too often prevented the infusion of new blood from other departments in the past ; it is now reinforced at the expense of one of the essential principles of civil service organization—namely, its integration.

Now, in all reforms and developments of the public services it is of vital importance that certain basic principles of good organization should not be lost sight of. These principles may for the moment be summarized under five heads. There must be fair and open selection so that recruitment may be from the whole community, without privilege, and without the loss of quality which is bound to ensue from restricting the field of choice. Similarly, promotion must be governed by the twin purposes of ensuring a fair field and no favour and of drawing from the widest sources of relevant experience. Not only must initial qualifications but subsequent training be adequate to the needs. The fact must be recognized that no organization will retain its efficiency unless it is subjected to outside criticism, checks, and supervision ; and the necessity must therefore be met by the submission of functional special services to the control of a central machinery of government department, which is expert in organizational and establishment matters. And this implies, finally, the integration of public services as a single public service in which, with all differences peculiar to its several branches, similar standards are maintained, similar principles are applied, and the greatest interchangeability is ensured so that as far as possible aptitude is fitted to duties and justice to the individual public servant combines with the most efficient service of the public.

*(iii) Public Enterprise Services*

The principal complication of civil service problems, however, arises from the extension of state activity in the economic field, and what amounts to the growth there of separate public services. It is only necessary to mention instances of this expansion, recently much accelerated, such as the Post Office, electricity, central banking, broadcasting, coal-mining, aviation, and the various forms of transport, to show that the full treatment even of their administrative aspects alone would need a very lengthy study. For that, perhaps, the time has not yet come. In the next chapter there follows a discussion of the organizational form which this development took, more especially in the inter-war period, the reasons for it, and the advantages and dangers which result. But so far, vitally important though it is in its bearing on the staff and machinery problems of public administration, it has scarcely impinged on either official or academic discussion of these problems. Its direct relation to any realistic study of present-day civil service organization cannot be questioned. Indeed, the creation by the state of a new service automatically makes it a part of the public service. And there is no rational justification for treating the civil service as though it were limited to the categories which existed at some arbitrarily chosen moment in the history of the modern state. Excuse there might be, were it logically possible to distinguish something called administration from something else called the provision of a service ; but it is not.

It is fundamental that the whole evolution of the social service state out of the nineteenth-century regulatory state has laid increasing emphasis on the administrator's function of providing intelligence and planning for state activity of a constructive or service character. The running of a state economic service is as much a matter of administration as the running of an older department is apt to be a matter of the organizing of a service. Nor, to take some obvious examples, is it logical to treat a post office or royal arsenal executive as though he were of a different category

from a railway or civil aviation executive, or to regard a Ministry of Health official concerned with housing as though he were of a different species from a Coal Board official concerned with construction. These different branches of the public service raise similar issues. They have like problems of organization. They need to be built upon the same principles, although it by no means follows that there should be any rigid adherence to past forms in the measures by which such principles are applied. It is, therefore, important to consider here the application which has been given to these principles—and they were summarized under five heads above—in the development of this particular kind of specialized branch of the public service—namely, that which is directed by a public board or corporation, and which might be called the economic civil service or public enterprise services.<sup>1</sup>

So far as staffing is concerned the first point to notice is the division of personnel into two entirely separate categories, the one corresponding to the employer in capitalist industry, the other to the employee. There is no ladder of promotion uniting the two. While the members of the board or governing body of the service correspond to the chief permanent officials of a department, having functions both expert and of general management, they are not the chief members of a grade through which they are consistently trained for these directing functions. Like those who occupy the chief positions in a department, they are chosen, almost invariably, by a minister, but in no other way are the conditions of their appointment similar. Indeed, they vary so much that it is difficult to generalize about them. One fact at least which emerges clearly is the absence of guiding principles as to method of selection, types of qualifications, or conditions of service. Boards vary in size and term of office, in whether their members are technicians or administrators, full-time or part-time, drawn from the ranks or from outside, and in the conditions necessary for their dismissal. Great divergencies are shown in pay, publicity, and responsibility. Salaries, which may be fixed or variable, do not appear to be

<sup>1</sup> On these see next chapter; also Sir Henry Bunbury, *Public Administration* Vol. 22, and my article in the *Political Quarterly*, Vol. XVI.

related to the scales applied in other branches of the public service or to require Treasury sanction. Even when allowance is made for the lack of pension, which is in itself undesirable, they seem often to be unduly inflated.

The outstanding facts are two—the gulf between the directing personnel and the rest of the staff ; the absence of provisions for ensuring proper selection of the former. The explanation is, no doubt, that at the initial stage in the development of such public services it may be necessary to adapt the new structure to that which preceded it. Initial selection has to be made from those who previously had the responsibility, and whose expert knowledge of the running of the service is needed for the transition. But that situation is temporary. A system of replacement has to be organized. Training within the service for the filling of such posts is a necessary part of its day-to-day organization. What is needed is a grade from which the highest officers can be regularly recruited. The solution adopted by the establishment of the administrative grade within the old civil service requires, with suitable changes and, above all, with greater elasticity of recruitment, to be applied in these newer branches of the public service. Political patronage is a totally inadequate method of securing responsible appointment over so wide, technical, and important a field. The aims must be efficiency of the service, fair opportunities within the service, and the training of staff for directing positions. In other words, the general principles already enunciated need to be systematically applied here as elsewhere ; and for that systematic application it is essential that there shall be a central machinery of government body to ensure it.

The qualifications needed for the directors of public enterprise are to be found among the chief members of the professional, scientific, and technical class and the administrative class of the civil service ; among the managerial personnel of industry ; and within the staff of public enterprise itself. At that level interchange between different public enterprise services is possible, and likely to be of advantage in widening the experience and enlivening the approach of directing staff. The extent and degree of potential

value of such interchange needs to be worked out. It may be that functional grouping—according to such specialisms as administration, staff management, engineering, economic planning, public relations—throughout the entire field of economic public service, and not according to the individual services regarded as watertight units, would best promote the development of a highly efficient new public service in this sphere. What is implicit in any such development is the integration if not the unification of this side of the public service. By such means the state can pursue a consistent policy of encouraging the qualities it needs—of practical ability, technical knowledge, initiative, and energy.

Comment on the general staff of public enterprise must follow similar lines. What is chiefly noticeable about it is the absence of provisions for ensuring that policy shall be guided by the proper principles. The whole position is in direct contrast with the system which prevails in the established civil service. Although practice varies, and there are exceptions to each of them, the following generalizations are on the whole true. As to appointment, the civil service safeguards of justice and honesty do not exist. There is no provision for independent selection through a quasi-judicial body like the Civil Service Commission, or the laying down of principles by which merit is to be determined, as is the case with that body through Treasury regulations or Orders in Council. It is not compulsory that all vacancies be advertized or that properly constituted selection boards determine appointments. While there may be little political interference with employment, there is some ; and although there are as yet no signs of the development of an organized system of graft, the methods available for preventing any tendency in that direction are by no means always clear. Much more important, however, is the fact that private influence, nepotism, and other forms of favouritism are inseparable parts of the system of appointment by patronage which is accepted here, although it was being discarded for the public service a century ago as a discredited and discreditable form of procedure. Grosser cases of corruption may raise a storm or even an inquiry, but often with little lasting effect.

But all experience proves that it is useless to rely on private vigilance to bring abuses to light after they have been committed. Such motions are inevitably clouded by personal considerations. Criticism becomes an attack on individuals—it naturally evokes the defence of individuals—when in fact it is the system which is on trial, and its reform which should be the aim. The only satisfactory course is to establish the safeguards which will prevent abuse. Fortunately the lessons are clear for all to see in the history of the unreformed civil service and the methods by which improvement was brought about. The extent of the danger is already only too apparent in the widespread acceptance of the view that entry into, at any rate, the higher ranks of the staffs of public bodies can only be obtained by those who "know somebody." It would perhaps be invidious to particularize. But it is clear that this prevalent state of affairs exists to a far less degree in those services where there is strong trade union or professional organization, for it is certainly to the interest of the staff themselves that decent methods shall be in operation for recruiting them, and staff organizations naturally aim at ensuring appropriate standards. It is not enough, however, to rely on them, for they may not be sufficiently strong. Proper standards must be enforced by public authority through the necessary administrative machinery. Much the same can be said of the granting of contracts and the employment of temporary or occasional staff. Fitting safeguards are no less necessary in these cases. It must be the task of an efficient administrative machinery to ensure them.

Much the same, too, needs to be said about the procedures for promotion. It is not the British practice to favour examinations for promotion, except for younger staff. But methods have been devised within the civil service proper—such as, Treasury approval for higher appointments, and Whitley Council advice regarding promotions lower in the scale. Much can be done for improving this within the civil service; even more needs to be done within these branches of the public service.

For what characterizes the service of public boards in contrast with departments is the total absence of the Whitley Council

system for determining conditions of work and pay. Again, the situation varies in accordance, generally, with the strength of trade union organization within the service. The result is that conditions are almost certainly better determined where industrial and manipulative staffs are concerned than is the case with higher grades and office workers, whose negotiating strength is apt to be weaker. Reasonable discontent with conditions is not rare. It is neither conducive to efficiency nor a credit to the operation of public control that this should be so. That the state should be a model employer has long and rightly been an accepted principle. Particularly where monopoly or near-monopoly conditions exist it is imperative that recognized defensive procedures for staff should be available to protect them from abuse of power. Arbitration machinery, incorporating independent judicial or quasi-judicial authority, ought to be there to appeal to. It should be possible to submit to it a dispute between, say, an orchestra and the B.B.C., or an electrical engineer and the Central Electricity Board. Regular channels of negotiation should be laid down, as in some cases they are by ministerial order. Indeed, there should be regulations relating not only to recruitment but to grading, pay, promotion, dismissal, pensions, and staff representation. But, once more, this implies the need for supervising machinery which can be placed only in a central government department.

There is need also for attention to training and post-entry education in these branches of the public service. Such a need is not confined to those departments over which the Director of Training at the Treasury has authority at present. Sir Stafford Cripps laid down the objective of "a new public service of first-class business and technical men, selected for their practical ability and experience, which will help to give British industry a new lease of prosperity in the post-war world." That need goes hand in hand with another—for extending research. This requires to be directly promoted by state policy in relation to the public services. Countless means offer themselves in addition to research undertaken by the service itself—such as, support for research outside, collaboration with universities and technical institutions with

secondment of selected officers to them, sabbatical leave for study abroad or in similar undertakings, special facilities for training during duties. For it must be recognized that "first-class business and technical men" are not got, nor will they retain alert and progressive minds, unless conscious effort and organization is directed to that end.

But it is not enough to lay down objectives and indicate ways and means, relying on the directors of such special services to act accordingly. These matters are too important. They are too closely associated with the responsibility of the government for seeing to the efficient running of public services. They demand supervision and enforcement. Such directives are not pious wishes ; they must have behind them the drive of authority, consistently working them out through permanent machinery of planning and co-ordination. There is much, too, to be said for the central pooling of experience and of the responsibility for thinking out the methods of achieving such specialized aspects of policy. All this calls, in other words, for a public service with a considerable measure of centralized unification to supersede a number of independent services each going its own way with its own standards and practices. The process which converted several score of independent departments into a single civil service in the middle of the nineteenth century has now, with suitable adaptations, to be applied in this field.

In matters of business organization and general administration, as distinct from questions of staff, there are also possible advantages to be derived from central pooling, and from the services of co-ordination, supervision, suggestion, and direction which a central department can best give. That is not to say that the whole of state services should be run by an unwieldy single department. Delegation of responsibility has, of course, to fall upon the officers in charge of specialized functions. But the line has to be properly drawn between the specialized and the general. What is argued here is not only that there is room for the latter but that there is real and urgent need for it, and that this need especially attaches to two general state functions—of over-all economic planning, and

of organization of man-power or machinery of government. There are aspects of special services which are common to them all—such as staffing arrangements—and these need to be first discerned and then directed on a general basis. Both economy and efficiency or progressiveness demand such differentiation.

A similar approach ought to be made to expenditure or use of man-power by public economic services. Here, too, there must be co-ordination and supervision. This should not be of the restrictive or unimaginative nature of a Treasury control, exerted to discourage increases of any kind. But the principle for which, in the old administrative departments, Treasury control stood still has its validity here. The principles, for instance, upon which the granting of contracts to outside firms by government departments ought to be based have been laid down in the past by the Treasury. They may need adaptation. They may need to be extended by relation to wider conceptions of economic planning. But the idea of a central check, or co-ordination, which they express is a valid one. Treasury control or central direction is as necessary in the field of economic service as it was in the more limited structure of nineteenth-century administration. It is examined below.

## CHAPTER V

### The Public Service Corporation as a New Type of Government Organization<sup>1</sup>

SUCH state economic services as those mentioned above have generally come to be organized under public corporations. The semi-independent public board or commission was greeted as a great discovery of the inter-war period. The tendency is to resort to it for an increasing number of purposes. It appears to be the form given to all the services placed under state control by the Attlee government—the Coal Board, the Transport Authority, the Civil Aviation Boards, the Bank of England, etc. Legitimate or not, the reasons are not far to seek. As a compromise between private enterprise and state control this invention is apt to win support as a practical meeting-ground between conservative and progressive. Many agree with Lord Reith in commending its wider use. Its increasing adoption, however, makes its re-examination all the more necessary.

For there is some danger of over-emphasizing the newness of this instrument of administration, and so forgetting the lessons of similar experiments in the past. On the extent to which the public service board expresses a useful discovery in political science, or can claim to be based upon acceptable principles, those who have given most attention to its study are not altogether agreed. Dr W. A. Robson described this in 1937 as "the most important innovation in political organization and constitutional practice which has taken place in this country during the past twenty years."<sup>2</sup> But, as Mr T. H. O'Brien remarks, after examining the establishment and operation of the B.B.C., the Central Electricity Board, and the London Passenger Transport Board, in each case the form taken by these semi-autonomous corporations "was due

<sup>1</sup> The substance of this chapter appeared in *The Modern Law Review*, April 1944.

<sup>2</sup> W. A. Robson (ed.), *Public Enterprise* (1937), p. 357.

more to accident and the spirit of compromise than to any general Parliamentary faith in, or appreciation of the working nature of, this type of institution."<sup>1</sup>

(i) *The Board in British Administrative History*

It is important to ask what, in fact, is new and what of value in this development. The creation of boards or commissions for administrative functions is by no means confined to the inter-war period. The history of the last century and a half is peopled by the ghosts of departed boards, and the commission was a method of administration used in Tudor times. A student of more recent history might justly claim that the board or commission is merely the initial stage in the development of a state function eventually to be organized in a ministerial department. Nor is it always easy to distinguish between a board and a ministry. While the Board of Health and the Poor Law Commission, to take only two examples, were to develop into a state department with a ministerial head, some ministries have the form of boards without the substance, and others the substance without the name. The fictitious Board of Trade, Board of Education, and Local Government Board are, or were, ministries pure and simple. "My Lords of the Treasury" are a not much nearer approximation to a ministerial board. The Board of Admiralty is in fact as well as in name a ministerial board, and the other two service departments show advanced symptoms of such a character. Within this field clearly the essential point is that the minister, however his principal advisers may be formally co-ordinated, is wholly and entirely responsible for every act of his department. Here also it may be said that, despite attempts to the contrary, the whole tendency of British political organization has been towards acceptance of the principle of his all-embracing responsibility. If this is true of general administrative functions, it would seem that there are quasi-judicial or trustee functions on the one hand and regional

<sup>1</sup> T. H. O'Brien, *British Experiments in Public Ownership and Control* (1937), p. 293.

operations on the other, for which a semi-autonomous board or commission has proved a more enduring experiment. The Charity and Ecclesiastical Commissions illustrate the former type, and the Mersey Docks and Harbour Board and the Port of London Authority the latter.

How, then, is it possible to define the public boards which Dr Robson and so many others welcome? Probably the clue to the effort to treat these as a mechanism wholly different from anything which has gone before is to be found rather in their origin than their functions. The three public utility boards established between 1926 and 1933 were all examples of a service taken over from private enterprise by the state. But a definition by reference to historic origin is unsuitable for a functional classification of actual political organization. An alternative claim that they are essentially distinct might be based upon the type of function with which they deal. An attempt has sometimes been made to regard them as dealing with economic services, in contrast with social services such as are controlled by, for example, the Ministry of Health, the Board of Education, and local authorities. This, again, seems inadequate; and this kind of distinction is not easy to make. How is it possible to distinguish in such a categorical manner the services supplied by the Education Authorities and the B.B.C., or the Post Office and the Central Electricity Board? Can the organ responsible for supplying road transport services within a given area be thus categorically contrasted with the organ whose task it is to see that the roads used by such transport are created or maintained? It is only necessary to point out that nationalization of the roads at a different stage, or a development of Mr Lloyd George's Road Board into a continuing authority distinct from the Ministry of Transport which absorbed it, might have resulted in an "economic service" in the form of through motor roads under such an authority, from special payment for which it might have derived its revenue, in order to see how great is the similarity between any functions that can be performed by state mechanism. If education be a social service when supplied by public authority, is it an economic service when provided by

private persons on the basis of fees or profits—and similarly with medical services?

It is not, then, by reason of its origin or the type of service which it provides that the public utility board can readily be regarded as belonging to a distinct category, although its use may be most suited to a particular kind of service originating by process of socialization. Its claim to peculiar treatment derives rather from its intermediate position between independence and complete answerability through a minister to Parliament. If it be a species of its own it owes this fact to the attempt, which it embodies but by no means always achieves, to combine freedom in day-to-day operation with subordination in general policy, insulation from detailed public inquiry with ultimate responsibility to the public, and financial autonomy, so far as the Treasury is concerned, with regulation of its financial framework by statutory provision or ministerial order.

Its personnel and staff are not part of the civil service, but they are in fact public employees, and the pay and appointment of some are determined by outside authority. The allocation of its revenues—between, for instance, the interests of staff in improved pay, consumers in better service, and the state or previous owners—is only partially determined by itself and partly by legislative, ministerial, or quasi-judicial decision. But in none of these cases is the line of demarcation between independence and public accountability easy to draw. The point, for the purpose of definition, is that an attempt has been made to draw it. Whether success in this attempt is possible or desirable is a matter to be dealt with later. The fact that the attempt was made is evidence only that powerful enough persons accepted the need for it. It does not prove they were right, or that, if right at the time, the method they adopted had more than temporary value. And, since the experiment of removing a specialized service from full Parliamentary control is not so new as has been claimed and has in the past proved both short-lived and unsuccessful, it is important to consider whether any new conditions have arisen to make the lessons of the past lose any of their validity.

It must be remarked at once that the idea that this semi-autonomous public service board is an invention of special value has grown up only after the institution of several such authorities. Each of these was in its origin an empirical answer to the needs of a particular situation as seen at a given period. They were not the application of an accepted theory, but a compromise between conflicting principles, either of which had proved workable in isolation, but which were not necessarily workable in combination. Nor is there much evidence that the principles which ought to govern their constitution, operation, and connexion with the established authorities of the state were given co-ordinated thought. Clearly they raise a whole series of problems, some new and some already met and dealt with in the older departments of state service. To answer the question how far they constitute a useful innovation it is essential to consider the purposes for which they were given their distinctive form, the reasons behind those purposes, and the general question of how far these themselves can be justified.

### (ii) *Regional Types of Autonomous Authority*

Analysis of the reasons for setting up such semi-independent bodies would seem to require their classification into four types : regional ; judicial ; trustee ; and administrative, or managerial of a national service. The most obvious examples of the first category are the many Port Authorities—those for Liverpool and London being outstanding examples. Such bodies as these, in fact, bring us on to the fringe of local government. Historically it is this regional character which originally made possible their distinctive features : that the elected representatives of a compact body of locally organized consumers compose them. Just as it was the fact that the interest of these consumers was broadly compatible with the public advantage, which enabled them to survive without any greater degree of public accountability.<sup>1</sup> While the Mersey Board lacks constitutional links with the local government bodies of its area, and the Port of London Authority contains three

<sup>1</sup> L. Gordon, *The Public Corporation in Great Britain* (1938), p. 11.

appointees of the L.C.C. and two of the City Corporation, neither is responsible to local authorities and electorates. Both, however, combine two principal elements—the direct consumers, or users of dock facilities, and the department of the central government concerned with national transport policy.

Although the minister has a small minority of appointees on each Board, it is not accountable to him for its policy, nor is he seriously accountable for its policy to Parliament, nor does he give it directions. True, he has numerous limiting powers, may receive from it a regular report, appoint its auditors, or fix maximum charges, but he is not even responsible for seeing that it fulfils its statutory obligations. Clearly both London and Liverpool are ports whose significance is national rather than local, and, although the area within which these two authorities exercise jurisdiction is local and restricted, the service which they provide belongs as definitely to the field of national policy as to the interests of the immediate locality. As must be seen from these examples, the line between regional and national is difficult to draw, however, and this became peculiarly apparent in the case of the placing under public control of London's transport system.

The principle applied to the two Port Authorities was to be applied in this case also, but the absence of a compact body of consumers made necessary a different method of composing the board and, therefore, of organizing its public responsibility. Not the local but the central government was, here too, to be given the responsibility of what little outside supervision was decided upon. Indeed, the intention of the then Minister of Transport, Mr Herbert Morrison, was to make the board established for management of London's transport consist solely of men appointed by the minister himself. It would thus have corresponded to the small group of ministerial nominees which form a part of each of these two Port authorities.

It is instructive to notice that the question whether London's socialized transport service should be placed under a local or regional authority, on the one hand, or under a ministerial department, on the other, or whether it should be given some different

kind of controlling body, was actively present in Mr Morrison's mind. He gave as his reason for rejecting the first two possibilities an argument which springs mainly from the regional characteristics of the problem.<sup>1</sup> His case was threefold. A state department, he argued, should not conduct a local service, even that of the metropolis. In this connexion he did not attempt to deal with the question whether such a view applied also to the Metropolitan Police, who are placed under the direct control of the Home Secretary. Secondly, municipalization was considered impracticable because of the absence of a single suitable local authority for the London area. Thirdly, to establish a joint authority out of London's 168 separate local authorities would, it was thought, be neither democratic nor efficient.

Mr O'Brien was no doubt right in thinking that London transport has "a status of more than regional significance."<sup>2</sup> But it looks, from Mr Morrison's argument, as though the regional character of this particular service was an important factor in determining the type of authority under which it was placed. Mr Morrison was careful to add, however, that the organization upon which he decided "must not be regarded as a pattern to be applied uniformly to all industries and services,"<sup>3</sup> although the Labour government, in 1947, provided a similar body for the control of a nationalized transport service for the country as a whole, and applied the same scheme to the other services it socialized.

### (iii) *Quasi-judicial Bodies*

The second type of semi-independent body is marked by quasi-judicial functions. An early example was the Civil Service Commission of 1855. The reason for removing this from Parliamentary control and ministerial accountability was definitely the view that it must administer state patronage in a strictly judicial frame of mind without the possibility of political interference. Here, of course, the limits of this freedom were determined by statutory provision, Order in Council, and Treasury regulation. For these

<sup>1</sup> Herbert Morrison, *Socialization and Transport* (1933), p. 149.

<sup>2</sup> O'Brien, *op. cit.*, p. 16.      <sup>3</sup> Morrison, *op. cit.*, p. 137.

functions ministers were answerable to Parliament, but not for the actual adjudication between candidates for office. The Commissioners, as indeed with all the other cases of these quasi-judicial bodies, were appointed by the Crown, the appointment being therefore a responsible one, to be defended if necessary in Parliament.

During this century there have been many further cases of such semi-independent quasi-judicial boards or commissions. Both the University Grants Committee and the Development Commission were, in effect, given the function of adjudicating between rival claims upon a Parliamentary grant of money for specified general purposes, however much they may have been given apparently advisory status. So were such other bodies as the Dyestuffs Advisory Licensing Committee, the Cotton Industry Board, and Advisory Committee, as well as the Import Duties Advisory Committee.<sup>1</sup> The task also of the Electricity Commission set up in 1919, being mainly of a licensing and supervising character, without administrative or managerial characteristics, can be reasonably regarded as quasi-judicial.

As mainly price-fixing authorities, even though exclusively representative of the interests of producers, the marketing boards were not dissimilar in their broad general purpose. The Area Traffic Commissions, with their chairmen appointed and removable by the Minister of Transport, and having the task of regulating by a licensing system the motor-bus services of the country, belonged to the same category. Although they worked under the general directions of the minister, he was not made answerable for their particular actions in Parliament. The Coal-mines Reorganization Commission, also established in 1930, subsequently superseded by the executive Coal Board, had a function resembling that of these other bodies in its mixture of judicial and administrative work. Having to recommend pit amalgamations, with certain compulsory powers, it was there to hear the cases of interested parties and adjudicate between them. Its members were appointed by the President of the Board of Trade, the Chairman receiving a salary paid for under the vote of that department.

<sup>1</sup> See R. V. Vernon and N. Mansergh, *Advisory Bodies* (1940).

(iv) *Trusteeship Bodies*

The third type of function for which the semi-independent board was thought to be suitable was that of trusteeship, or the management of property on behalf of others. The Charity Commission and the Estates Committee of the Ecclesiastical Commission are cases in point. They must operate within a framework set by the law. In their operations they appear to be independent of ministerial direction, although appointments are made by ministers. It is significant that in both cases, there being no minister accountable to Parliament for their activities, provision was made for them to contain a Member of Parliament whose duties would include the answering of questions in Parliament about their operations.

The Forestry Commission of 1919, later absorbed by the Ministry of Agriculture, was established on this analogy<sup>1</sup> to purchase, own, and develop property on behalf of the public. It used for these purposes grants provided by the Treasury, but was not apparently answerable through the Chancellor of the Exchequer for the way in which it carried out these tasks. Whether or not the management of land for the purpose of producing a commodity like timber can be properly regarded as more the function of a trustee than of commercial management may be open to question, but the holding and development of property by a body combining trustee and technical qualifications seems to have been the governing purpose in those responsible for establishing this Commission. Here, too, provision was made for inclusion within the Commission of a Member of Parliament able to answer for the activities of himself and his colleagues.

(v) *The Administrative Board*

The fourth category has been described as administrative, or managerial. The argument in this case for insulating the control

<sup>1</sup> J. Parker, Chapter III in Robson's *Public Enterprise*.

of a function from political interference by the organs of the central government is not supported by any of the peculiar conditions attaching to the first three categories. The service is not regional but national, and therefore there is no ground for regarding the central authority as concerned only secondarily to a local body. Its primary function is not to hold property on behalf of some one else but to provide a national service. Its first task is not to adjudicate between competing interests but to supply and develop a particular commodity or service. Thus the argument for 'keeping politics out' has not behind it the accumulated evidence applicable in these other categories. It needs, therefore, a rather specially careful analysis.

The forces motivating this type of administrative experiment are curiously opposite, as are the reasons—largely of mutual suspicion—which engendered it. It has been promoted both by business interests suspicious of state departments and by labour anxious to end competitive disorder without producing capitalist monopoly. It represents the marriage of the orthodox economist's preference for freedom of enterprise with the socialist's desire for services planned by public authority. There is thus embodied in it a compromise between the notion that the hope of personal profit alone ensures efficiency and the belief that efficiency can be secured by full responsibility to the representatives of the public in Parliament on the part of the controllers of a socially owned service.

In the inter-war period the strongest force was the dislike by business-men, and, of course, by their spokesmen in both Houses of Parliament, of government 'interference' in industry. They were convinced—and war-time experience had lent them evidence, derived from emergency conditions, which could be construed into conclusions of general application—that the civil servant could not compete in efficiency with the business-man, and that a government department was by definition inferior in practical ability if not in public spirit to a commercial firm. This was reinforced by fears and dislikes on the official side. A civil servant, and still more a business-man turned temporary civil servant who

is less versed in the principles of the British constitution, is apt to be impatient of Parliamentary criticism and of the right of the M.P. to question his actions. A minister, particularly if he is weak or is faced by embittered opposition, welcomes an excuse for freeing himself from the need to undergo such cross-examinations. It requires a specially strong awareness of the constitutional proprieties to survive the temptation of escape from Parliamentary supervision, and this is all the more so when that escape is offered by interests strongly entrenched in Parliament itself.

Such suspicion is more understandable when it is found in the business-man or expert manager who has become a high executive of a public corporation. He, in fact, often shows himself highly impatient of what one of them, the late Mr Frank Pick, Deputy-Chairman of London Transport, called "inquisitive and irresponsible guardians of the public interests." His distrust of, and all but contempt for, ministers of the Crown throws an interesting light on the perspective in which twentieth-century big business or managerial talent views the holders of the highest and most responsible offices in the state. That perspective also reveals the dangerous tendencies towards bureaucracy, and, indeed, towards the "corporative state" of Fascist inclination, to which the establishment of semi-autonomous corporations may give rise. It emphasizes the imperative need for their proper subordination to the instruments of democratic control. "The board is a great experiment. . . . It is a step towards a corporative state." So said Mr Pick<sup>1</sup> in days when that political system was more likely to find favour than it is to-day, when boards would scarcely welcome defence in such terms. But it is a defence neither more nor less true now than it was then.

The alleged corrective of such tendency is the necessity for consultation between boards and ministers and what Mr Morrison called the natural respect due to ministers of the Crown. Consultation needs, however, to be reinforced by ultimate directive authority in the hands of the minister and by supervision, on the

<sup>1</sup> In a lecture delivered shortly after the establishment of the Board. See also my article in the *Political Quarterly*, Vol. XVI, No. 1.

pressures," the reasons given for preferring a semi-independent public corporation to a ministerial department centre upon alleged deficiencies in the three public institutions constitutionally involved—Parliament, the minister, and the organization of the civil service. Of these the last is by far the most important, and perhaps the only valid one. Each needs to be stated, and then examined.

It is instructive to notice that the case which appears to have most substance is never made. This may be because if it were established it would prove only the desirability of the board as a temporary expedient for a definitely limited incubation period. Certainly it would seem that the most difficult stage in the development of a new public service is its first few years, while its guiding principles are being enunciated and before any basic routine has had time to be established. At such a stage the right of Parliamentary inquest on details might be converted into an instrument for the embittered hostility of defeated critics or of dispossessed interests. Such an abuse of Parliamentary functions might even lead to a reversal of policy before the new organization had been given a fair trial. For these reasons Parliament might be wise to make a self-denying ordinance, or to protect its new creation from its interference, for a limited number of years. This is, in fact, what has happened, although unintentionally in many cases, from the Poor Law Commissioners and the Board of Health of a century ago to Mr Lloyd George's National Insurance Commissions and Road Board.

Impatience with Parliamentary criticism, and more especially with questions, seems to have become more marked in recent years. A deepening of the differences between parties may be responsible for this. The premises from which the question springs are less likely to be the same as those which operate in the administrator's mind since the coming into the House of Commons of working-class Members, whose background and ideas have on the whole been radically different from those of the administrative-grade official. The natural consequence of this might also be expected to be the feeling that the Parliamentary supervision which it represents could better be dispensed with.

At the same time administration has become more technical and complex, and therefore more difficult for the average M.P. to understand. So, too, his inquiries and criticisms are apt to appear, and often to be, somewhat irrelevant. Inasmuch as this is the case, it means that Parliament has failed to keep pace with the greater expertise required for governing the modern state. Its failure so far to adopt the only remedy, a specialization of its own Members in functional committees, upon which to devolve some of its supervisory duties, may in that case have served to strengthen this source of impatience. Certainly the ill-informed nature of some of its criticism has furnished a not infrequently used argument for removing specialized state functions from its detailed supervision.

Indeed, as an alternative to the semi-independent board there was under discussion for a decade the devolution, from Parliament to regional assemblies or to an economic lower chamber, of most of the new functions added to the state in the last hundred years. If such proposals as those made by the Webbs or that discussed by the 1920 Conference on Devolution<sup>1</sup> belong in some measure to the era of Home Rule controversy they also relate to the criticism of an omni-competent Parliament, upon which it was thought too many and diverse tasks were being imposed. They thus provide another part of the background from which was to emerge the alternative experiment of delegating responsibilities to public boards.

A part of this fear that the normal organs of central government were being overcharged with burdensome duties is the belief that the Cabinet minister cannot cope with yet more administrative functions. It was asserted by Mr Morrison that to organize new socialized services in a department under a minister would cause him "to be immersed in a large amount of detail connected with the management of industries," and that it would then "be physically impossible" for him to give adequate time to further measures of policy.<sup>2</sup>

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one service under a board proved, in the negotiation and legislation necessary, a more complicated and protracted job than the taking over by a departmental minister. Moreover, it is, after all, just at this stage—the taking over of a service—that the most tendentious criticism is like to be made and the greatest amount of time to be required for dealing with difficulties of detail. It might well be said that at no moment after a public utility service has once been established is the case on these grounds for insulating it from public criticism as strong as just before it has been established. But no one has suggested such insulation during this early stage because it is too obviously then a part of the proper sphere of Parliament. From the experience of nationalizing London transport the generalization is fully justified that, "under present conditions of political belief and Parliamentary procedure, the conversion of a major industry or service from private or partly private ownership to public ownership under the form of management with which this study is concerned is a process which arouses great disagreement and involves large expenditure of public time and money."<sup>1</sup>

This applies to the naturally complicated task of organizing a new system of control. But in the subsequent problem of day-to-day working it does not appear that the matters of policy interesting to Parliament, because causing public controversy, have been of any frequency of occurrence in the case of London transport. Therefore it seems reasonable to suppose that the increased burden falling on the minister, had full responsibility lain with him for ordinary operation, as distinct from taking over, would not have corresponded to Mr Morrison's fears. Assuredly, the minister ought not to immerse himself in details, and if his department is properly organized he need not be placed in that position.

#### (vi) *Relation to Civil Service Organization*

But it is even more to deficiencies in the departmental civil service that the need for a different method of organizing new

<sup>1</sup> O'Brien, *op. cit.*, p. 220.

services is attributed. This is, in fact, the crux of the case. Mr Morrison sums it up : such a new organization ought, he says, to be live and adaptable ; it should be free from Treasury control in such matters as the payment of salaries and wages. The essence of this line of argument is the view that the framework of the civil service, good though it may be for the administrative functions for which it was constructed, is unsuited to the needs of public utility services. An administrative department, it is thought, is different in its organization, needs, and methods from something which is nearer to a commercial undertaking, and the civil service system has not shown itself well adapted to perform these less routine and more experimental functions now undertaken increasingly by the modern state. The civil servant is not trained, nor does he work, in the more lively ways of business. It would be unwise to impose upon him tasks which require such ways.

Here, then, is a meeting ground for several different lines of criticism which are only too apt to be confused. The frailties of officialdom have furnished a target for ridicule since officials existed, and it may be hoped that they will be no more spared in the future than in the past. The "Circumlocution Office" crystallizes a popular belief in the less worthy characteristics of the jack-in-office. But he is not going to be cured of them by calling him the servant of a public board instead of a civil servant, and removing him from those checks and controls aimed at correcting his worst tendencies. It is not without point to remember, too, that historically the "Circumlocution Office" belongs to the period before the major civil service reforms had brought about a co-ordination and rationalization of the many distinct departments, boards, and other authorities which it might seem to be the modern tendency to recreate.

Essentially, the accusations of red-tape and bureaucracy provide the gravamen of the charge against the civil service. While there may be some validity in the former, it has been exaggerated by the natural impatience of those who do not understand the necessary complications of large-scale organization or what is inherent in the need of public accountability. The business-man who in his own

concerns has been accustomed to be a law to himself dislikes having to answer to the public, and lacks the habit of reasoned explanation or the referring of practice to principle there necessary. The requirement to do this he regards as an unnecessary complication —a mere indulgence in 'red-tape.' His case is greatly strengthened by the hierarchical structure of the civil service, which tends to concentrate the power of taking decisions too high up, to promote reference upward, and to discourage delegation of authority. The charge of bureaucracy is not altogether relevant here, since it is mainly an assertion that the official is arrogating to himself powers properly exercised by others, such as Parliament or the Courts. It is also, in any case, based on misconceptions.<sup>1</sup> But by serving to strengthen the antipathy for the ordinary departments it no doubt militated against any tendency to give new duties to these, or to devolve upon the general type of civil service organization additional opportunities of interfering with their masters, the public. To this may well be finally added a traceable distrust of the higher grades of the public service on the part of Labour. This became appreciable in the inter-war period. It is attributable to the knowledge that the social origin of the higher officials marks them off from Labour, and the suspicion that they are out of sympathy with the working-class or with progressive views. Whether it is right or wrong, grounds for that suspicion have also been provided from the Crown service side in, for instance, Sir Henry Wilson's *Life and Diaries* and H. E. Dale's *Higher Civil Service*.

The most important single cause of the flight from the ordinary department to the semi-independent public board is generally the least stressed and the most imperfectly understood. It is the working within the civil service of Treasury control. The basic, and at the same time the soundest, reason for establishing such bodies is not that they may be freed from public accountability, ministerial directive, or political interference, but from "the dead hand of the Treasury" as it actually operates. It is thus the failure of the higher direction of the public administration to adapt

<sup>1</sup> Cf. Report of the Committee on Ministers' Powers.

itself to changing and expanding needs that is mainly responsible. For it is illegitimate to assume that the actual methods of Treasury control are the only possible ones, although that is in fact what is normally done.

Criticism of Treasury methods goes far back historically. It is significant that early expression of it is to be found in relation to what is essentially a different form of department, an economic service—namely, the Post Office.

The grounds for it are to be seen, for example, in the experience of Anthony Trollope as a Post Office official at the time when that service was rapidly expanding. From him, although he did not intend it in this light, there emerges the picture of a department called upon to determine the regulation of a service the great possible expansion of which it scarcely understood, and exercising this control derived from its financial responsibility in a narrow way inimical, in fact, to the very financial interest of which it was guardian, and which it was seeking to serve. "We were bound down," Trollope wrote, "by a salutary law as to expense, which came from our masters at the Treasury. We were not allowed to establish any messenger's walk in which a sufficient number of letters would not be delivered to pay the man's wages, counted at a halfpenny a letter. But then," he added, "the counting was in our own hands."<sup>1</sup> In short, this "salutary law" could not be applied; it was unrealistic in conception and in the means of its application, and yet it represented a valiant effort of the Treasury to do a job for which it was not well fitted.

In the development of the civil service since Trollope's day there was for long a striking uniformity of opinion about the working of Treasury control, that it is narrow or meticulous on financial detail and uncomprehending in bigger matters. That there has been no adequate resolution of the conflict between two definitions of the Treasury may account for this. Either it is a ministry concerned only with finance, or it is a department of departments charged with responsibility for the organization and methods of all of them, and therefore required not to determine their policy

<sup>1</sup> A. Trollope, *Autobiography* (World's Classics), p. 81.

two main obstacles to efficiency was the absence of self-contained finance. No picture of the real financial position was shown by the method of presenting accounts, which was on a purely cash-transaction basis. Accounts did not reveal revenue earned as distinct from revenue received, or liabilities incurred as distinct from liabilities met. An important part of Post Office payments was borne not on the Post Office vote but on votes for the Office of Works, the Stationery Office, and rate contributions. And the so-called "Post Office Net Receipt" then went to the Treasury for the relief of taxation, the size of this having no effect on the amount of money available for expansion or improvement, and there being therefore small incentive to efficiency.

All expenditures required Treasury consent, but "in some cases the obtaining of Treasury approval is very largely formal and relates to matters on which the Treasury are not in a position to exercise much more than an academic criticism."<sup>1</sup> Incidentally, it may be noticed that in this finding the Committee was echoing the words used by the MacDonnell Commission, which spoke of Treasury approval as "in reality formal" when this was exercised over the Road Board.<sup>2</sup> The Bridgeman Committee therefore made two recommendations : that the accounts should be rendered in a more realistic and business-like form and separated from the finances of other departments ; that the annual surplus shown on such an account should be used to supply a basic contribution of a fixed amount to the Exchequer, the excess being returnable to the Post Office for its own other than current needs.

Thirdly, the Committee criticized certain aspects of the internal organization of the office. It particularly condemned the undue rigidity of grading, the "autocratic isolation of the Secretariat in relation to the Engineering and Accountant-General's departments, and the narrow and specialized meaning attached to the word 'Administrative.'" It was also critical of the failure to give to higher officials a personal experience of the work of the lower officials from the bottom upward and their "absence of touch with

<sup>1</sup> Report on the Post Office, Cmd. 4149 of 1931-32, p. 58.

<sup>2</sup> Cmd. 7338 of 1914 (Fourth Report), pp. 76, 77.

the work in the field."<sup>1</sup> "As a result of the recommendations of the Bridgeman Committee, the Post Office secretariat has now been reorganized in the form of a functional board. . . . The director-general is no longer in a position of isolated splendour, but is now considered as *primus inter pares*. Periodical meetings between him and the heads of the various departments who constitute the other members of the board, with the Postmaster-General in the chair, have been substituted for the old system, with a marked improvement in the spirit of the organization."<sup>2</sup> But the minister retains full final responsibility.

Since the reforms which followed the Bridgeman report the Post Office has enjoyed a period of progress. Hostility to it has faded away. Criticism has given place to praise. And this marked change has occurred without any interference with the cardinal principles of the administrative department—full ministerial responsibility to Parliament, general Treasury control, and staff recruitment and grading under the combined authority of the Civil Service Commission and the Treasury.

The Post Office is comparable with at least some of those services recently organized under semi-autonomous boards. It was quite properly acclaimed as such by advocates of the latter in the days when it was under a cloud. They cannot resist the conclusion, therefore, that if solution of its difficulties has proved compatible with the departmental form of organization in this case, it may be also in the case of other services. Study of the Post Office has suggested three conclusions in this connexion. The first is that its troubles were due to certain defects in the general structure of civil service departments which may have become more apparent in a monopoly service than in an administrative office. The second is that these defects are remediable. Thirdly, it has shown the need for much further thought about the administrative considerations involved in establishing public services and about the requirements for securing their efficient management. If it has been implied that the Treasury has failed to work these out, so, it may be added, has every one else from government, Parlia-

<sup>1</sup> Post Office Report, pp. 99, 100.

<sup>2</sup> Robson, *op. cit.*, pp. 295, 296.

ment, and such a Royal Commission as the Tomlin Commission to the public lawyer and the student of public administration.

(viii) *Requirements for Economic Service Organization*

It is impossible here to do more than indicate, beyond those already suggested, what seem to be some of those considerations and requirements, with special reference to the often greatly varying practices existing.

The first and most important—because it is upon this that all hinge—is the need for full responsibility to the public, or making the service what its name implies—a public service. There can be no doubt of the “extraordinary lengths to which the principle of autonomy has been carried” in organizing British, as distinct from Continental, public corporations.<sup>1</sup> The B.B.C.’s Board of Governors, to take one example, is accountable to nobody for the way it appoints, pays, promotes, or dismisses its staff. An advocate of its independence in such respects admits that “its attitude of aloofness, and apparent unwillingness to admit the right of Parliament to criticize its internal management, has naturally not recommended itself to the representatives of the people assembled at Westminster, and an atmosphere of mutual suspicion . . . has been allowed to grow up.”<sup>2</sup> The Ullswater Report went some way to admitting the need for a closer link and fuller responsibility,<sup>3</sup> although it wished to maintain the principle of independence.

Responsibility, however, is a composite matter. Where limited, as with the public service boards, it has always proved difficult to determine the nature of the limits. That is, indeed, one of its most dangerous defects, for it is axiomatic that where responsibility is confused irresponsible action follows. Questions in Parliament have, for instance, been disallowed even where the minister’s authority was undoubted, as with the technical efficiency of the broadcasting service—a question on audibility in Scotland.<sup>4</sup> Where

<sup>1</sup> Gordon, *op. cit.*, p. 7.

<sup>2</sup> O’Brien, *op. cit.*, p. 168.

<sup>3</sup> Cmd. 5091 of 1936.

<sup>4</sup> O’Brien, *op. cit.*, p. 156.

responsibility is divided, as it is between the minister and Governors of the B.B.C., inquiry is more easily met by evasion. The minister and a Governor, who happened to be also a Member of Parliament, have even been known to disagree in the House of Commons as to their respective functions.<sup>1</sup> The minister may have the right to withdraw or vary the liberties granted to a board and yet not be answerable for doing or failing to do so, or for the way in which they are exercised, as with the licence granted to the B.B.C. He may be responsible for "general policy," as with the B.B.C., and not for day-to-day operation. He may not be answerable either for operation or for the broad lines of policy, as with the L.P.T.B., even though he has certain prescribed powers, such as to remove members of the board or make regulations for the conduct of certain of its business or the form of its reports. He may have power to examine its accounts and yet not be responsible to Parliament for presenting them or for the expenditure they reveal or for their contents, as with most boards. A distinction has even been drawn between the minister answering in Parliament 'for' a board and 'about' a board, the former being outside his responsibility, and the latter being an act of grace prefaced by the absolving formula, "I am informed by the board that . . ." One general conclusion is that the minister is likely to have an influence upon a board considerably greater than his accountability to Parliament. It may be desirable to the board, for instance, that he should be willing to speak on its behalf. To do so he may impose terms. Acknowledged or unacknowledged consultation with him is therefore probable before policies are decided upon. He may thus exercise power without admitting responsibility, and the practical negation of independence follow.

Nor does the appointment of a Member of Parliament other than a minister, as was the case with the Forestry Commission, provide a satisfactory alternative. Since he has not the power belonging to a minister of making policy, he cannot be held responsible for policy. The essential object is thus not attained.

It is safe to lay down certain principles. The minister ought to

<sup>1</sup> See *Political Quarterly*, April 1942, pp. 190, 191.

appoint, or at least actively to accept, all members of any board within his jurisdiction, and to have the power to remove them. Otherwise he cannot be expected to accept responsibility for any of their actions. Nor should the power of removal be restricted any more for a member of a board than for a high civil servant. He must, in addition, be accountable for policy ; and since policy is, in practice, indistinguishable from day-to-day operation, being in fact built up out of this, underlying it, almost imperceptibly changing with it, so must he be answerable for day-to-day operation. As in any case this is not likely to be a matter of controversy, save where it raises questions of policy, the additional burden is correspondingly unlikely to be severe. Nor should he have any cause to fear the tiresomely petty M.P., for the latter very soon defeats his own purposes. Further, Parliament must have the opportunity of fully examining the affairs of any public service periodically, for it is a clear lesson of history that Parliament grows suspicious of what it cannot examine and renders impossible what it finds it cannot control. But that is to say that with regard to responsibility the public service should approximate to the Post Office rather than to the semi-autonomous board, and become a public service department rather than an independent corporation.

The second main requirement centres upon this notion of "independence of undesirable pressure." Necessary though this is in the interest of promoting initiative, it is doubtful whether the semi-autonomous corporation is a real or durable means of ensuring it. The problem of preventing successful "pressure" is one of securing strong enough counter-pressure—for pressure will exist in any case—and it is hard to imagine how this could be better devised than in a Cabinet minister supported by an incorruptible civil service. Pressure is not excluded by calling a board independent ; on the contrary, it is most likely to be found where secrecy is possible and accountability not clear. And it will most probably of all be successful where fear of hostility exists owing to the lack of a strong spokesman as public defender. Indeed, the independence—and initiative—of a public concern is a function of the strength of its leadership, not of the amount of cotton-wool

in which it is wrapped. If leadership is strong and so able to defend itself it will not fear questions or criticism ; if weak, no insulation will long absorb public attack or Parliamentary hostility. While the best protection is efficiency, for that prevents attack, defence which cannot be stated in rational terms is apt to be indefensible. Moreover, if such details as the freight rates mentioned by Mr Morrison are at issue, the minister is no less able to resort to the quasi-judicial body like the Railway Rates Tribunal than is a public board. Finally it must be remarked of "undesirable pressures" that public opinion itself is a pressure, though a highly desirable one, and it is composed of many pressures, of which the decision as to how far one or the other is desirable or undesirable is itself a matter of public policy.

The composition of the board raises acute problems, the more so the further its removal from ministerial control. Where, as with the Post Office, the higher direction is fully covered by Government responsibility such questions do not arise at all outside the ambit of civil service organization. In the forming of a board, however, two not necessarily harmonious aims are to be found. The first is the body of public persons, without specialized knowledge of the business, who are overseers rather than managers and whose function is to inspire confidence in the public, giving a lead to them and absorbing their criticisms and pressures. The second is the body of qualified managers and experts actively to direct from their own competence the conduct of the service. Some measure of representativeness can be combined with the first, as with the Port Authorities and the Governors of the B.B.C., and the attempt was made to combine it with the second in the C.E.B., where the minister appointed "after consulting" certain interests, and in the L.P.T.B., where there was also provision for the inclusion of persons with local government experience.

Policy has fluctuated ; at one time its purpose appears as the reproduction in the board's composition of the public and general-managerial characteristics of the political and permanent heads of a department ; at another, of the special or technical qualities of the expert and managerial controllers who are slightly lower in the

hierarchy, either of business or of departments. Thus, in regard to broadcasting, the Sykes Committee, which thought in terms of "ultimate control" by a minister, recommended that he be assisted by a Standing Committee or Broadcasting Board of thirteen persons nominated to represent interests. The later Crawford Committee, which had moved to the conception of a board not subject to ordinary ministerial control, wanted paid members of public character, "persons of judgment and independence . . . having no other interests to promote than those of the public service." As the actual practice has turned out, the Governors, though intended to be public figures, have seldom been of a kind to excite unusual public confidence or respect, however estimable in their private lives. Mr J. H. Whitley and Mr H. A. L. Fisher were exceptions in that they were more than names to the general public, very few of whom at any time would be able to say who was on the board, which observers seem on the whole agreed is "unreflective of the general outlook of the community."<sup>1</sup>

Where, on the other hand, the aim has been to appoint persons of specialist qualifications for active management, rather than of public eminence, it has been more consistently achieved. In the main this has been done by going to the ranks of the industry incorporated in the public service. At the outset this is not difficult, but in the nature of things it cannot be long repeated, and the same problems of recruitment of managerial staff will face the public utility as face the comparable portions of the civil service. Solution of the one cannot be divorced from solution of the other. There are opportunities of mutual benefit from avoiding any attempt at closed and exclusive methods. It may even be that administrative grade, as well as specialist, recruitment and training will—with the elasticity which it is already showing itself to require in the older branches of state service—prove no less applicable in these newer forms. The danger of too great rigidity in the one may be countered by the danger of too little principle in the other, to the advantage of both.

The question of the representativeness of boards raises another

<sup>1</sup> W. A. Robson, in *Political Quarterly*, December 1935.

important issue—the whole syndicalist claim for vocational self-government. It appeared especially at the time of the establishment of L.P.T.B. in the demand for labour delegates. No doubt the absence of a Parliamentary majority made resistance to this demand easier at the time, but it is likely to be heard again. If any 'interests' are to be represented in the higher direction of such a service there can be no question that the body of those engaged in carrying it out have as good a claim as anyone. Thus it is not surprising to find that in the Port of London Authority, where two members (out of 28) are appointed by the Minister of Transport and the L.C.C. "after consultation with such organizations representative of labour as [they] think best qualified to advise them on the matter,"<sup>1</sup> labour has not been satisfied. On the contrary, the Transport and General Workers' Union has twice promoted Bills aimed at enlarging labour representation to equality with other interests.<sup>2</sup> The advantages of such representation can only be made compatible with the larger public interest where the overriding authority is in the hands of those who can speak for consumers and the general public.

This connects naturally with the further general problem of staffing. Criticisms have been at times bitterly directed against examples of autocratic methods. They are not unlikely to be heard again. There is always the danger of corruption and nepotism where public standards for appointment and promotion are not accepted. A tendency has already shown itself to move here towards the adoption of civil service methods. These have been evolved with much thought and care. Again, there seems every reason why similar principles should be applied in all comparable branches of the public service. Full trade union freedom is but one of these, its expression in the Whitley Council another.

The civil service, it must never be forgotten, contains and caters for large bodies of technicians and professional and industrial workers, more and not less varied than the staff of any single public utility—whether in the Post Office, ordnance factories, dockyards, or elsewhere. It is an illusion that it consists mainly, even in

<sup>1</sup> Gordon, *op. cit.*, p. 29.

<sup>2</sup> *Ibid.*, p. 31.

peace-time, of clerks and officials. What has been done in this connexion to establish proper standards of employment and public morality cannot be thrown away in the maintenance of the service of public boards, however much erstwhile captains of industry, now converted into state officials, may prefer freedom from the external imposition of accepted standards.

Conditions and requirements with regard to finance have been considered above. This is a problem which links naturally with that of co-ordinating public services. It is only possible here to point to the need for much further study. Where, for example, should lie the borders between 'self-contained finance' and Treasury interference? What conditions ought to be attached to the raising of loans and new capital expenditure? What accounting, auditing, pricing, and costing methods are appropriate, and what co-ordinating authority should see to their regulation? How, and in accordance with what body determinant of policy, should allocations of grants or profits be made among different claimants? In the Soviet Union, for instance, we find a percentage allocation of surplus in one service laid down by authority—between such objects as the Commissariat of Public Finance, improving workers' living conditions, capital expansion, the Bank of long-term credit for industry and electrification, technical education of workers, and an incentive fund—varying from 47 per cent. to a quarter of 1 per cent. What has been done in England recently in the Post Office surplus allocation is but an elementary beginning related more to conditions as they happened to be at the moment than to any wider view of policy. It is the working out of those wider views, not of course in any static form, by an appropriate but considerable development of some department of economic planning, or machinery of government, whether in the Ministry of Production or the Treasury, which is the need implicit in such questions. It implies, too, the need not for a narrow, pedestrian financial mastery, but for the use of the money measuring-rod by policy-making authority properly equipped with economic information and research services, and so able to look at all relevant facts and frame policy to meet them.

But to see the need for this, as well as to enable it to be done, a term must be set to the notion that independence or irresponsibility are worthy ends for those charged with the creation or maintenance of public services. The moral is to be found in the conclusions of successive reports, each pointing to the essential : integration at the level of Parliamentary and ministerial accountability. "We regard with apprehension," said the MacDonnell Commission,<sup>1</sup> "the creation of any authority having large public funds at its disposal which is outside effective ministerial control and Parliamentary criticism." "There should be no omission," reported the Haldane Machinery of Government Committee,<sup>2</sup> "in the case of any particular service, of those safeguards which ministerial responsibility to Parliament alone provides." The Bridgeman Committee repeated :<sup>3</sup> "We consider that the public have a right to the influence which Parliamentary discussion and control alone can give." And these remarks are true of all such bodies, not excluding others not dealt with here—such as the British Council—except only perhaps bodies of trustee or quasi-judicial function, the staff of which should also be treated as part of the civil service and subjected to its standards, after suitable reform.

<sup>1</sup> Fourth Report, pp. 76, 77.      <sup>2</sup> Cmd. 9230 of 1918, p. 11.

<sup>3</sup> Cmd. 4149 of 1931-32, para. 49.

## CHAPTER VI

### Treasury Control and the Machinery of Government

THE Treasury is one of those curiosities of the British system of government which defy simple analysis. It is the ministry of finance, and calls for discussion first in that aspect. But it is also the department of the Prime Minister, who is First Lord of the Treasury and with whom are associated not only the Chancellor of the Exchequer as Second Lord but the Junior Lords or Parliamentary party Whips and both the Parliamentary Secretary, who is Chief Whip, and the Financial Secretary, who is the under-study of the Chancellor of the Exchequer. Its natural pre-eminence among departments of state has grown out of the power of the purse, but to-day is due to more than that. Indeed, because of this dual position the Treasury might be expected to exercise more power over the general administration than it actually does ; and the question of its administrative responsibility will be examined below. It is as well to assert at once, however, that there is a need in any system of government for a focal point at which, administratively as well as politically, general responsibility can be concentrated, for a place from which a conspectus of the affairs of all departments—and of no department—may be directed. How far the Treasury, or any such alternative office as the Cabinet secretariat, fulfils this necessary function is a subject that also requires consideration.

#### (i) *Financial Control*

As ministry of finance the Treasury is both a department like any other and a supervisor of all departments. The departmental Treasury, dealing with all revenue and expenditure and the policies con-

nected therewith, operates partly through subordinate departments which it includes, and for which the Treasury ministers are themselves directly responsible. Such are the Board of Customs and the Board of Inland Revenue. But while the Treasury is responsible for all expenditure it is so in varying degrees. For itself and its subordinate departments it is wholly responsible without intermediary. But it has also three other types of financial responsibility.

The first is that which it exercises in relation to bodies or departments which, although they are not within the field of finance and so are not under the direct authority of the Chancellor of the Exchequer, yet are in a special degree dependent upon him because they have no minister at their head, even while they have to rely upon the Treasury for their revenue. The British Museum, the Record Office, the National Gallery come within this category. So also do the more nearly administrative departments of the Civil Service Commission, the Privy Council Office, the Charity Commission, and several others. In all these cases the Treasury has to exercise those functions which in a regular department of state are carried out by a minister. It has, that is to say, through its political heads to answer for general administration to the House of Commons, and to defend their votes in Committee of Supply. Here, again, it may be noticed in passing, the Treasury's special position in the British system of government is apparent. For it emerges as residuary legatee of other departments, or—to be more historically accurate—as one of the common sources from which new departments grow.

The Treasury's relationship with the ministerial departments is marked by a formal difference which divides them into two categories. It is concerned with both the estimates and the expenditure of all such departments, and its approval is required for both; but while it is responsible for presenting the estimates of the civil departments to Parliament, the service departments present their own. This does not imply any difference in its authority, however, and but little in the practice of its relationship. Before estimates are presented they must have Treasury approval. In the case of the defence estimates this approval is given after a

procedure which gives the appearance of being slightly less penetrating than may be the case with the civil departments. As the Committee on National Expenditure of 1922 reported, "The procedure, as explained to us by experienced Treasury officials, was broadly that the estimates of the previous year were taken to form a base-line, and that the deviations from that line were arrived at by consultation between the Chancellor of the Exchequer and the minister at the head of the department. As a result of the consultation, the minister would know that the Chancellor of the Exchequer was prepared to budget for estimates representing a certain sum of money, and would tell his department the amount available for the following year's estimates. The essence of the system was to take the previous year's normal expenditure from which to measure departures."<sup>1</sup> This does not mean, however, that the Treasury does not look at the details of estimates and criticize them if it thinks fit; nor is it wholly without the requisite knowledge, even in service matters, for substantiating its case. Its authority is also required for any changes in the use of money voted by Parliament for specific purposes in the Appropriation Act.

In defence matters in war-time for which a vote of credit is made by Parliament the procedure differs only in that there is less detailed appropriation of money by the House of Commons to publicly specified purposes. The vote is made to the Exchequer, and the Treasury's control of how it is allocated and the ways in which it is spent remains, therefore, as supreme as ever.

Treasury control of the departments operates through a series of practices aimed at ensuring the fullest consideration of any increase of expenditure, and safeguarding economy. First, any proposal to the Cabinet involving additional expenditure must already have been the subject of discussion between the department concerned and the Treasury. When it goes to the Cabinet it will go accompanied by a statement of prospective cost. The Treasury will have had the fullest opportunity of considering the whole project and of bringing its influence to bear in the earlier

<sup>1</sup> First Report, 1922, p. 4.

stages. Only in the case of agreement not having been reached, either at those stages or between the minister concerned and the Chancellor of the Exchequer, will it reach the Cabinet as a matter of dispute to be resolved there. And in the last resort the policy of the Treasury, as of any other department, depends on the ability of its political head to win the support of the Cabinet and of the House of Commons. Treasury control rests ultimately, that is to say, on two things : the Chancellor's peculiar responsibility for financial policy, and the relative weight of his influence in the Cabinet. Since he is always one of the chief figures, and often second only to the Prime Minister, this last factor is likely to be of overriding importance.

But Treasury control has several aspects other than that which relates to estimates. It consists, secondly, in the fact that all expenditure, even if provided for in the estimates, must have Treasury sanction. The Treasury has a responsibility for preventing illegal expenditure. It has to see that money authorized under a vote is not exceeded. Its sanction is required before money granted under one sub-head of a vote can be transferred to another or, in the case of service departments, before there can be such a transfer between votes. Although the Treasury does not normally enter into the details of expenditure under the sub-heads of votes, its authority is required before the Paymaster-General can issue money from the Consolidated Fund for the use of departments.

Again, any departmental act which has financial implications requires the approval of the Treasury even though it does not immediately involve expenditure. Not only the purchase but the sale or acceptance of property are matters with which the Treasury is concerned. So also are any commitments which may in the future imply cost.

Fourthly, the Treasury's supervision of establishments gives it an entry into the affairs of departments from a different angle, but one which also has its financial side. Here, however, the Treasury's responsibility for the whole civil service and its organization is much wider than its function as the ministry concerned

with the financial aspects of administration; and it is treated later. To this general field, nevertheless, there belongs also the task of overseeing "organization and methods" in the departments, or ensuring that the most economical use is made of staff and office equipment, and that the most efficient business methods are employed.

The power to prescribe the manner in which public accounts shall be kept and presented is a further part of Treasury control. And the work done by the Treasury staff is supplemented by the financial and accounting officers of the departments, whose task it is to see that Treasury regulations, minutes, and general practice are complied with.

To sum up, it is clear that the Treasury's supervision of the expenditure of departments is stringent and comprehensive. It has the right to know about proposals involving financial commitment in their early stages. It lays down the principles on which contracts can be made. It determines the pay and conditions of service of staff. Its consent is required for any expenditure on works of over £1000. Before estimates can be presented to Parliament each item in them needs the approval of the Treasury, which is bound therefore to concern itself intimately with the affairs of all departments. Indeed, it would be fair to conclude that, while ordinary routine control of day-to-day accounting and expenditure may be a matter for which a narrow financial meticulousness would suffice, the real business of a ministry of finance demands that it should have a pretty full understanding of the affairs of all departments.

#### *(ii) The Need to understand the Work of Departments*

The efficiency of Treasury control depends on such understanding. This is so for many reasons. Without it there is small prospect of a co-operative approach from the department, which will tend to regard the Treasury as a hostile watch-dog, in dealing with which all measures within the letter of the law are permissible. The corresponding Treasury attitude is one of cheeseparing

economy and, in the absence of a comprehension of the bigger issues, an attention to details rather than substance, which, from the standpoint of economy itself, is apt to defeat its own object. This narrow viewpoint, which grew from the belief that all expenditure was an evil, led in the past to much friction between the Treasury and the departments, but recent evidence suggests that it has given place to more effective co-operation. It is obviously desirable that the Treasury should cultivate a sense of unity among all departments, and there can be no doubt that over the last two or three decades there has been growing comprehension of the essential integration of all departments of the state service, of their common interest in generally efficient and economic administration, and a lessening of the spirit of rivalry and conflict. This movement, however, still has far to go.

But it is also necessary that the Treasury should understand the work of departments because it cannot otherwise assess demands for expansion; nor can it know when contraction is possible. Clearly the simplest method of control for a ministry of finance is merely to look at the past, accepting what has been accepted before, and fighting every suggestion of increase. This is the natural tendency. But it does not constitute efficient supervision, even from the financial angle alone. For that it must enter into the nature, purpose, and method of organization of the department. Unless it does this it may be in a position to hamper the employment of an additional typist, but it cannot effectively deal with the claim that the work of the department requires the creation of a new division. Nor can it show the redundancy of an existing division, the work of which has become less necessary or is being duplicated in another department.

Again, it is essential that there shall be adequate review of the division of labour between ministries. It is also desirable that the work done by one department—for example, in intelligence or research—shall be fully used by any other departments for which it may have value. To ensure that some function performed by the War Office is not at the same time being undertaken by the Foreign Office, or that the fruits of thought and investigation

gleaned by the Ministry of Health are not unavailable to the Ministries of Education or Labour is a responsibility of general good government. All such matters are, of course, for the Cabinet to deal with, and often they are adequately seen to by a committee of the Cabinet or by inter-departmental discussions at a lower level. But there can be no doubt that the Treasury as ministry of finance is specially concerned with them, or that they ought to form part of the administrative task of a central department of government. While periodic review of the general machinery of government and of the allocation of functions within it may be undertaken by royal commissions or committees of investigation, efficiency calls for a more constant and regular supervision. To co-ordinate, however, as well as to prevent overlapping and duplication, it is necessary to understand the essential character of what is being co-ordinated. In the interest of economy alone a ministry of finance requires to have a pretty full knowledge of the affairs of all departments.

But the affairs of the modern state include so much more than they did, and are of so many new types, that Treasury control becomes an increasingly complex conception. As it operated in the mainly *laissez faire* society of the nineteenth century it necessitated fairly simple procedures. Economy in administration could be equated with the minimum expenditure for sufficiently competent service. If the state were something in the nature of a joint-stock company for providing law, order, and the safety of property and for ensuring freedom of contract the Treasury's function in relation to the services rendering these things could reasonably be regarded as an almost static one. Its supervision could mean the prevention of waste or corruption and little more. Of course, even these conditions do not justify in every respect such a limited picture. The defence departments needed to be kept up to date and they often were not so, and it took special movements of reform or the active intervention of a Cardwell to make them so. The Post Office was already providing a state economic service in which the objective of minimum expenditure required to be modified by relation to the possibility of expansion.

On the whole, however, that the Treasury's control should be mainly negative was natural. This attitude has survived to a considerable degree to the present day. Indeed, it is appropriate that those with financial responsibility should regard their function as primarily to keep down expenditure, to look with a critical eye at proposals for increasing it, and to seek opportunities for reduction ; but while that is fitting for administration, the cost of which can be considered as 'unproductive,' the state is increasingly involved in what is, or should be, seen as productive expenditure, and here the old methods no longer help.

An ever larger proportion of the expenditure over which the Treasury has authority is devoted to the social services. In some respects these are among the most 'productive' expenditures of the nation ; health and education afford examples. In other cases, such as pensions and insurance, they amount merely to a partial redistribution of the national income with the object of ensuring a wider enjoyment of necessities. Again, the state has entered into the field of direct production to an ever larger extent. It has become the largest employer. It has taken on the direct control of some economic services and the regulation of others. The agency through which it works is sometimes the orthodox ministerial department, like the Post Office, and sometimes a public corporation, such as the B.B.C. or the London Passenger Transport Board. At the same time, in the older administrative departments there has been a tendency to grow from the regulatory to more positive activities—colonial development, the spread abroad by an agency of the Foreign Office of knowledge of British culture, or, in the Treasury itself, the University Grants Committee and the Development Commission. Similarly there is a whole group of activities of the state in the field of scientific research. Whether these relate to health, industrial processes, explosives and atomic force, radio, agriculture, or anything else, true economy may be the reverse of parsimony.

Such developments clearly call for much more from the system of Treasury control than an effective check on administrative waste. They demand constructive thinking. This in turn requires not

only a factual knowledge of the composition of the national income but an ability to understand the possibilities of its expansion or contraction in relation to each of the streams of production which comprise it. But the changes in the connexion of the state with production and distribution have been so gradual that they have been reflected in little more than piecemeal adaptations of the machinery of government. New ministries have been created as new functions were added. But the over-all responsibility of the Treasury has not found expression in major reforms of its internal structure. Even the recommendations of the Haldane Committee of 1918 were never implemented. The urgency of the need for major adaptations was not seen, no doubt because however steadily these developments occurred, they have come only step by step. Taken as a whole, they amount, nevertheless, to a revolution.

Failure to equip the state with the necessary new machinery is not, of course, due to the Treasury itself. The primary responsibility lies with the ministers of the inter-war period. Officials have striven to meet the new demands upon them and, within the limits set by the structure itself—which the evidence does not yet show that they tried to alter—can claim to have risen manfully to their new tasks. Yet not only is the total change already fundamental, it is also continuing and likely to become increasingly important. Instead of being equated with minimum expenditure, efficient administration now means planning the best use of scarce resources, and a credit and banking policy directed to ‘full employment.’ It means, that is, a government responsibility for national economic planning on the widest level ; but it means also that the task of understanding and supervising or controlling these many new types of state activity in accordance with such wider policy falls, or ought to fall, upon a central department, which must be the Treasury or something like it.

Moreover, parallel to these changes there has occurred a radical evolution in economics and in the science and art of public finance. This ought to be furnishing the Treasury with the equipment in persons, ideas, and methods for fulfilling its more comprehensive task.

To-day it is necessary to consider the question of Treasury control in at least five distinct connexions. There is first what might be called its orthodox relationship with the defence services and the administrative departments. Secondly there are the social services. Thirdly comes the ill-defined and extremely various relationship of the Treasury with the economic services of a public character, ranging from the Post Office to any such newly socialized service as the coal industry. Fourthly, the old control of the Treasury over 'establishments' takes on new forms and raises new problems. Finally there is the Treasury's relation to financial institutions, such as the Bank of England, the joint-stock banks, investment boards and corporations, and its credit or financial policy generally. Beyond that state research might be regarded as being a category of its own or as belonging to either the second or the third of those enumerated above.

The financial supervision by the Treasury of the long-established administrative departments has often been considered and is well described elsewhere.<sup>1</sup> It does not call, therefore, for detailed examination here, but rather for the summary already made. From this certain conclusions regarding actual practice may be drawn. Although it has frequently been the view that Treasury control can only effectively be exercised over the aggregates of expenditure, and not over details, and although this is broadly true, it remains the fact nevertheless that Treasury regulations and practice, its rules governing contracts, and the supervision exercised by the establishments, and organization and methods divisions, directly relate its authority to most of the day-to-day expenditures of departments. One method of control has been condemned and discarded : that is the automatic reduction of a department's estimates in the aggregate. For this led naturally to the raising of estimates by the department for the Treasury to cut down.

The consensus of opinion seems to be that the really effective point at which Treasury control can be exercised is where the department wishes to incur new or increased expenditure. This

<sup>1</sup> W. I. Jennings, *Cabinet Government* (1936).

would imply that where the repetition of expenditure previously sanctioned is desired there is likely to be considerably less difficulty from the Treasury than where some new development of a department's activity is envisaged. There can be no doubt that such an approach may encourage a stereotyped practice in the department, and that where the Chancellor of the Exchequer and his advisers adopt an unimaginative or unfriendly attitude to a department its initiative will be damped. It will feel that anything it did in the past it may continue to do, but that no new thought is worth while. Alertness and experimentalism will give place to routine. Not only will new departures involving additional expenditure be hampered, but it is less likely to be thought worth while to find new ways of doing an old job at less cost. Carried to its logical conclusion, therefore, such a principle would not be effective even from the narrowest financial point of view.

### (iii) *Treasury as "General Staff"*

The corollary is that the Treasury must be regarded in the light in which Sir Charles Trevelyan saw it—as “the department of departments.” It must understand the essentials of the work of each department over whose finances it exercises control. That control, to be neither obstructive nor loose and unreal, must be based on sympathetic appreciation of the department's functions and its method of performing them. There must be a coincidence of aim between each department and the Treasury. While in the past the accusation has been levelled at the Treasury, on the one hand, of a too meticulous and hampering concern with detail, springing from blindness to the department's needs, and, on the other hand, of inadequate supervision leading to waste, the Treasury has, especially in recent years, tried to steer between these two extremes. The principles laid down by Sir Warren Fisher and explained to the Tomlin Commission place his policy in line with that of another great head of the Treasury, Sir Charles Trevelyan, but have not hitherto been altogether satisfactorily achieved. Recruitment of the Treasury staff at the administrative

grade from juniors who have had experience in other departments is one of these. "I think the Treasury," Sir Warren Fisher told the Tomlin Commission,<sup>1</sup> "to do its job, ought to be a sort of clearing house, or general staff. I see every disadvantage in the Treasury taking people straight from the administrative class examination. If you do that . . . there is no training for constructive work, or work that would enable them to get the practical experience that might make heads of departments. Again, their relations with departments will be of the academic order. Now I want the Treasury to be staffed by a continual flow and circulation of principals with seven or eight years' training in other departments."

That there are difficulties from other departments, however, who do not wish to lose their best men, explains the slow growth of the 'single service' idea. The Permanent Head of the Colonial Office explained that : "The trouble with other departments is that, as a rule, they do not want to part with their best officers. I should like to take all my officers from other departments, or, in other words, men who have been tried. I think Sir Warren Fisher, when he gave evidence before you, suggested that the Treasury should be staffed from other departments. I have no doubt he would like it very much, but we would have all our best men taken."<sup>2</sup>

For the second of Sir Warren's principles was the endeavour to develop a sense of unity between the departments and the Treasury as parts of a single whole with common objectives of public service overriding departmental antagonism and rivalry. Sir Warren made it clear that he did not regard such recruitment to the Treasury as a one-way traffic. Such officers transferred "would not necessarily remain permanently in the Treasury." It is implicit nevertheless in the general staff conception of the Treasury that this department would normally have a greater claim for retention than would others, although it would be a matter of policy that it should not exercise such a claim in a Treasury as

<sup>1</sup> Minutes of Evidence, 18,787.      <sup>2</sup> *Ibid.*, 21,061.

distinct from a general service sense. "We touched on Treasury control in regard to the machinery of government," said Sir Warren. "If I may repeat myself, I attach enormous importance to recognition of the fact that this is not a purely Treasury function. It is a service function, and if the heads of these great departments are the right men to be there they clearly ought to be in the closest contact on all major service problems, and the Treasury should be simply the nucleus, or the body to call the conference. If that commends itself to the Commission I should be very grateful if that point of view could be stressed."<sup>1</sup>

Again, on the financial side, there has been some growth of the conception of service unity. The task of the financial officer in the department is as much to combine economy with efficiency as is that of the Treasury itself; and so the development of the functions of such an official may be regarded as a further application of such a policy.

But it may be doubted whether these measures in themselves suffice for that full interweaving of the machinery of government necessary for the less static and more complex and integrated life of the modern state. The war made clear the need for a stronger central leadership in harmonizing andconcerting the work of different departments whose functions overlap. This was particularly evident on the side of 'intelligence' services, where a number of departments were covering the same ground with inadequate co-ordination, but it is by no means confined to this. Such problems call for a closely applied comprehension of departmental functions, an ability to appreciate how far any of these are peculiar to a particular department and how far common to several. In the absence of this there is likely to be either duplication or omission. They belong in the first place to the general task of efficiently devising the machinery of government. In this aspect they come within the field of the integrating of policy, which is the province of the Cabinet as a whole and of the Prime Minister in particular. But they are also to a special degree the responsibility of the Chancellor of the Exchequer because of their large financial

<sup>1</sup> Minutes of Evidence, 18,786.

implications. They thus bring us back to Treasury control in its connotation as financial supervision.

Indeed, the close connexion between financial control and the responsibility in general for good government creates the essential ambiguity of the Treasury's position. It is rightly described as "the executive agency through which the authority of the Chancellor of the Exchequer is imposed on the operations of all departments of state."<sup>1</sup> That definition properly emphasizes two aspects of its character. Like every other department, it is an agency having no power but that of the minister at its head, who is responsible for its doings, its misdoings, and, sometimes more important, its failures to do anything at all. Secondly, the Chancellor of the Exchequer is only one minister among many who enjoy equal status with him; he is responsible for finance just as each of them is responsible for the affairs of his own department, but the Chancellor is not specially responsible for general good government any less or more than they, nor is he in any special degree an authority for the machinery of government. Nevertheless, it is impossible to discuss the Treasury's functions as ministry of finance without being led to this wider problem, the efficiency of the government machine. And it is here that the peculiar nature of the British Treasury among the world's ministries of finance becomes relevant.

There are other aspects of its character than those given in its definition above. It is, besides, the department of the Prime Minister. Historically it is identified to a remarkable degree with the government as a whole. Its permanent head is the head of the civil service and the principal adviser, not only of the Chancellor of the Exchequer but of the Prime Minister. Is it not, therefore, a supra-department, something in the nature of a general staff of the entire public service, rather than a ministry whose functions are confined within the limits of finance? Since, as has already been suggested, even the attempt at such a narrow definition breaks down in practice, does it not follow that the

<sup>1</sup> In the Sixteenth Report of the Select Committee on National Expenditure, 1941-42, para. 74 (H.C. 120).

Treasury is either a department of general government or it is nothing? If the financial function cannot be effectively performed without extending into the most intimate affairs of all departments, can the Treasury claim to be doing its work unless it assumes ultimate authority in the whole field of government action?

(iv) *The Treasury Dilemma*

That is, in fact, the dilemma which has faced the Treasury in the past, and with which two trends of modern political development are confronting it increasingly. One is the greater need for central planning owing both to the greater volume of government activity and, partly as a consequence of that greater volume, the more important interactions of the state's manifold activities. Another is the associated need for greater initiative, direction, and leadership to cope with the more rapid changes in the economic and social order, its requirements and possibilities. The dilemma consists in the question whether the Treasury should interfere or not with departmental responsibility. Should it regard itself as merely an equal department with others, having no right of interference but only one of co-ordinating or suggesting means of co-ordinating, and therefore having to rely in order effectively to fulfil its financial functions not on the power to impose its will but on such conditions as its ability to elicit necessary information from the departments, and to succeed by way of persuasion? Should it claim the right, at the other extreme, of directing departments at any point it chooses, and thus assume the responsibility for all affairs of government—of course, under the ægis of its ministerial heads? While the one policy would mean that nowhere was there a general responsibility for government as a whole, except in the Cabinet, the other would diminish, if not destroy, the individual responsibility of all non-Treasury ministers.

The Treasury's way of meeting this dilemma has been to steer between the two extremes. It has, indeed, had to adopt this

course, owing to the facts of the constitutional system within which it works. Too much stress cannot be laid upon the point that the authority of the Treasury, as of any other ministry, is the authority of its political heads and neither more nor less than that authority. No interference with a department can be sustained unless it is supported by the Cabinet. Unless, that is to say, the Chancellor of the Exchequer or the Prime Minister or both can carry the Cabinet with them against the minister whose department is being interfered with, that interference will be invalidated. Since in making any such attempt the Treasury will have to meet the objection of a minister, there is a perfectly natural tendency for it to pursue the easier path of so regarding its responsibilities that they lead to the minimum conflict with powerful non-Treasury ministers. It would be fair to say that, on the whole, the Treasury has steered nearer to the narrower than to the more ambitious definition of its proper place in the system of government. Only, or at any rate chiefly, in the matter of establishments is there any exception. For here, almost of necessity, and often with the keen opposition of the other departments, has the Treasury undertaken a wider and sometimes an overriding function. But the demand is now increasingly made by critics outside the civil service, but not, perhaps, by those within the non-Treasury departments, that the Treasury should interpret its functions more ambitiously. While blame is sometimes attached by them to the Treasury itself for failing to do this, it would be more just to attribute any failure to a system of government always a little unsure whether the chief office in the state, that of the First Lord of the Treasury, is "the first among equals" or "the keystone of the arch" upon which government in general depends.

One critic of the narrow interpretation, as applied to the wartime expenditure of the supply departments, has been the Select Committee on National Expenditure. This Committee repeatedly emphasized and questioned the view expressed in evidence by Treasury officials that responsibilities lay outside the Treasury. And it may be said to have as constantly taken the position that there should be more 'interference' with departments, and more

direction of them.<sup>1</sup> It is worth quoting at some length the Committee's account of these inter-departmental relations in its report on war production and the method of settling prices. "It is commonly assumed," the Committee reported, "that the Treasury exert a close and detailed supervisory control over the way in which the expenditure of the supply departments is incurred. This assumption goes too far. The function of the Treasury, which is primarily one of sanctioning the undertaking of new expenditure, is, so far as concerns the terms on which goods are purchased and contract prices are settled, rather one of co-ordination than control; and while the Treasury are generally concerned to ensure that government business is conducted on sound principles, their representatives have emphasized that they 'regard it as important to maintain the position that the responsibility for each individual contract rests with the minister for the department concerned.' . . .

"To sum up, it may be said that the influence of the Treasury over the expenditure of the supply departments is exerted in two ways; first, by requiring departments to obtain sanction for any large or exceptional items of expenditure and, secondly, by such co-ordination of contract policy as can be achieved through the inter-departmental committees described in the preceding paragraphs [the Treasury Inter-Service Committee and the Contracts Co-ordinating Committee.] The Treasury's functions do not extend as far as the exercise of any real measure of supra-departmental control, and witnesses speaking on behalf of the Treasury have made it plain that, while they try to satisfy themselves that the departments have proper systems for ensuring that costs are kept within reasonable limits, they would consider it an unwarrantable interference to check the actual working of these systems or to undertake any part of the department's responsibility for ensuring the maintenance and improvement of efficiency in production."<sup>2</sup>

<sup>1</sup> The Chancellor (Sir Kingsley Wood) answered in a way that reinforced the argument here. His claim was that there is an alternating view that the Treasury interferes too little and too much. See House of Commons Official Report, 386, 23, 689 *et seq.* (January 28, 1943).

<sup>2</sup> See Fourteenth Report, 1942-43 (H.C. 126), pp. 10-11; also Eighteenth Report, 1940-41, p. 12; Eleventh Report, 1939-40, pp. 5-6; Sixteenth Report, 1942-43, appendix.

When dealing earlier with the methods adopted by the departments in making contracts for supply the Select Committee had expressed a different but closely related criticism. It was directed towards the undue limiting of supervisory machinery to the process of co-ordination, and implied the need for a more direct central control, which would also go more fully into the allocation of contracting functions between the departments concerned. In short, it was essentially a criticism of the actual working of the machinery of government in this respect, and the suggestion of a need for more 'interference' by a central organism with orthodox departmental autonomy. Although bodies had been set up to ensure liaison and co-ordination, the Committee's view was that these had "not succeeded in establishing a general uniformity of methods or in eliminating inter-departmental competition."<sup>1</sup> "That this machinery has done much," the Report continued, "to diminish competition and to secure economies, the Sub-Committee very readily admit; and it must be pointed out that this was all it was set up to achieve. It was not aimed at breaking down the historical and constitutional independence of the great departments of state; but merely at preventing, where possible, the impact of conflicting interests and demands and at increasing general efficiency by the pooling of accumulated information and experience. The fundamental problem in the field of contract procedure is, in fact, the same as that considered in relation to priority and 'progressing' organizations in the last Committee's Tenth Report. It is that of adapting and modifying a governmental machine, which had slowly been built up in a simpler and more peaceful world and was not designed for use as a great trading organization, to meet effectively the increasing tempo and complexities of modern conditions. In the unquiet interlude since the last war administrative response had failed to keep pace with new developments. In the urgency of war itself this time-lag must be removed, and the individuality of departments, as of persons, must be temporarily merged into the common effort."

An illustration of the difference between the two conceptions in

<sup>1</sup> Fourth Report, 1940-41 (H.C. 33), p. 26.

practice is also worth quoting. It was necessary for many hatted camps to be built for the War Office when the war began. The narrowly financial interpretation of the Treasury's function would make it start from the assumption that this, being a War Office requirement, was a War Office responsibility, and that consequently the Treasury's job was simply to see that the responsible department neither competed unduly with any other nor adopted wasteful procedures. For this it would obtain from the department the necessary information and examine it with the help of such a body as the Contracts Co-ordinating Committee. But the allocation of functions between the departments would not come under consideration. The fact that the Office of Works had the best experience over many years of most types of building, and was more competent than the War Office to make the necessary contracts with the building trade, would either not be revealed or would not be given sufficient weight against the War Office claim that the building of a camp was technical or "highly specialized" work. "It can hardly be regarded as the most efficient use of the national resources that several departments, with differing degrees of experience, using different methods of procedure, and obviously not fully benefiting from the lessons learnt by the others, should each independently be employing staff to place contracts for camps and similar buildings. The machinery for maintaining liaison by numerous committees merely adds to the work placed on individual officers who under the existing system already appear to be overburdened. . . . The evidence has provided other examples, similar in principle to the one dealt with above, of the general tendency among the larger departments each to develop its own private organization for dealing less efficiently, though from its own particular angle, with a service, for the performance of which some more specialized department is already in existence."<sup>1</sup>

Elsewhere also the Select Committee criticized "the tendency of departments to establish organizations to deal from their own point of view with subjects already covered by a specialized department."<sup>2</sup> "Failure to plan with sufficient attention to

<sup>1</sup> Fourth Report, 1940-41, pp. 28, 29.

<sup>2</sup> Seventh Report, 1941-42, p. 33.

securing a proper balance between the various parts "<sup>1</sup>" was indeed the general theme of criticism running through a whole series of such reports.

The general tendency of such examination made with the main purpose of economic national expenditure was to urge a stronger and more 'interfering' central direction of the machinery of government. That this must be located in the Treasury was also reiterated. "The Treasury should exercise a more active responsibility. . . . There is a definite need for some body, standing apart and overlooking the whole field, which . . . is able to appreciate how policy in one sphere may react on others and is also charged with the responsibility for ensuring that the lessons gained from the experience of all the supply departments are used to build up the most effective and uniform system. . . .

"It is clear that the Treasury must, from the very nature of their financial responsibilities, take a leading part. . . . The supply departments each have their own responsibilities. . . . But the Treasury as the authority responsible for the provision and allocation of the nation's financial resources are concerned with watching these plans in their financial aspect, and, outside the Treasury, there is no body charged with the duty of taking a comprehensive view of the general results of departmental expenditure or of the effects and reactions of the methods employed for controlling it.

"What has been said above may perhaps be met with the reply that this responsibility, as recommended, already exists, since it is recognized that 'the Treasury has . . . a special position as a co-ordinating authority as regards points of interest to more than one department.' The point, however, in Your Committee's recommendation is that this position should be interpreted in a more active and constructive manner than, to judge by the results attained, has hitherto been the case. They consider it inadequate, for example, that the Treasury should be satisfied with the view that divergencies in departmental methods are 'impossible to foresee, difficult to detect during their growth, and intractable in their solution when practices have crystallized.' This and other

<sup>1</sup> Eleventh Report, 1941-42, p. 19.

passages in the Memorandum quoted<sup>1</sup> seem to indicate too negative and passive an interpretation of the Treasury's function. Even if they have no supra-departmental authority in these matters, they have at least their own departmental responsibility, which is not adequately fulfilled merely by piecing together what the supply departments may wish to do. On the contrary, the Treasury should have a constructive contribution to make. That involves not merely attempting to reconcile divergencies which have been allowed to arise, but keeping the position constantly under review, and, in the light of such review, giving guidance on the lines indicated. . . ."2

(v) *The Need to 'Interfere'*

Such findings of the Select Committee are, at the least, indicative of a growing demand for more integration and direction. They also show a certain impatience with the old doctrine of departmental autonomy. They bespeak a consciousness that the central thinking and planning work of administration has not only become more important but has failed to keep pace with the need. True, these particular examples are taken from a period of peculiar stress. They present only one side of the case—no debate in Parliament having normally followed these Reports—and they must not be accepted, therefore, as the whole story. It may also be doubted whether the Committee's diagnosis was made with a full enough awareness of the political background or of the constitutional causes of the ills they saw or the constitutional changes implicit in their recommendations. For what lies at the root of the Treasury's difficulties is, besides the principle of equal departments under the responsibility of individual ministers, the technical nature of much of the departmental functions it must co-ordinate and supervise. But, when all qualifications have been made, there still remains sufficient evidence that, with present organization, no one is adequately meeting the needs. Remedy can only

<sup>1</sup> Memorandum of June 7, 1943; see Sixteenth Report of the Select Committee, 1942-43 (H.C. 128), p. 10.

<sup>2</sup> Fourteenth Report, 1942-43 (H.C. 126), pp. 30-32.

lie in both giving to some body—whether the Treasury or something else—the responsibility and authority required, and in providing it with the general staff—to use Sir Warren Fisher's phrase—which shall have the experience and technical ability to fit it for the work.

Not only, however, does the deficiency relate to the supply departments and the service departments with which they are allied, it relates also to the older departments, like the Foreign Office, and the newer ones which are conducting more and more social and economic services.

In the case of the Foreign Office (which is dealt with more fully elsewhere) the need for reform has long been alleged. It has, indeed, been widely recognized outside that department. There is evidence also that within the Treasury itself there was recognition of the need. Yet nothing was done. Now, it is axiomatic that the initiative of reform rarely comes from within the institution requiring reform. Military changes, for instance, in the nineteenth century came about through an impetus derived from outside the army, and were inaugurated by political chiefs who were not military men. But the test of competence is in that case at least an objective one, even if its application was sometimes delayed until the eleventh hour. Ministers of reforming zeal, however, were peculiarly lacking in the inter-war period. And the test of competence is more difficult to apply to foreign affairs, where competence means adequate knowledge and understanding of other countries and proper contact with the sources of their policies, and so can only reveal its extent over a fairly long period. Besides, the test is a comparative one with alternative estimates and information which are not generally known except to a restricted group of the well informed.

Yet, if the impetus for development is not to come from within whence in the present British system is it to come? The answer seems to be that there are two possibilities. Either there may be the revelation of wrong information and faulty estimates, leading to an explosion of criticism—which is, to say the least, an unlikely event in relation to matters so remote from immediate popular

experience—or there must be a secondary test of the accuracy of Foreign Office views and intelligence work, which can only be provided by charging some body external to the Foreign Office with the responsibility for keeping an eye upon the general functioning of the services it renders. Such a task belongs most properly to that section of the administration which is concerned with the overall working of the machinery of government—that is to say, to the Treasury. That is not to imply that the responsibility for the making of foreign policy should be in any measure removed from the Foreign Secretary, assisted by his advisers and in agreement with the rest of the Cabinet. But it does mean that there should be outside, and in addition to, the Foreign Office an organized responsibility for overseeing its internal functioning. If, as an ex-Deputy Under-Secretary for Foreign Affairs argues, and as war-time experience confirmed, it is necessary to adapt the administration of that department to the fulfilment of two aspects of its proper task hitherto unfulfilled, then it should be incumbent on a central machinery of government office to see that this is done, with power to override departmental obstruction. The first is to take proper cognizance of economic and social developments and their political effects. It implies far-reaching changes in the foreign service and the organization of embassies as well as the addition of a specialized division in Whitehall. The second is the study of psychological trends in particular countries and regions, and requires similar adaptations of organization.

In its financial dealings with the departments which administer social services the Treasury is limited by conditions of a special kind. In so far as they are a part of the machinery of central government their administrative organization comes, of course, within the area of direct Treasury control in the same way and to the same extent as other departments. But their administrative cost is normally only a relatively small proportion of their total expenditure. Much the greater part of this is regulated by the statutory provisions under which the service operates or by ministerial regulations made by virtue of them. These lay down, for example, the amount of benefit to be paid as pension, insurance,

or other relief. Or the amount may figure only as a total of grants in aid to local authorities or other bodies, as with most health, housing, and education expenditure. Moreover, in this latter case, the expenditure is not directly undertaken, or the service directly administered, by the central department. Although this may exercise some measure of control through its inspectors and auditors, the Treasury is only at a second remove from actual expenditure and administration. For both reasons the Treasury exercises a less immediate and intimate supervision of day-to-day running in the case of the social services.

Economic services present different problems, the root of the difference lying in the fact that they are rendered in return for a price payment by the consumer. From this arise several features which distinguish them. Their finances may be kept apart from those of the state, and their operations may be tested by the resulting profit or loss. Their expenditure needs to be looked at in a different way, some of it being regarded as 'remunerative' or as self-cancelling because its effect may be to expand earning capacity. The possibilities of competition by alternative services may have to be taken into account. There will probably be a need to spend on research into means of improving the services and on technical training. In the absence of profit motives to the staff it may be desirable to provide for special reward for initiative. And at bottom there is always in an economic service the conflict between the various interested groups : the staff who seek better pay and conditions of work, the consumer who wants cheaper or improved service, the taxpayer whose obligations will be reduced if the profit accrues to the Exchequer, also, perhaps, investors or previous owners for whom benefit takes the form of interest or compensation. Finally, these services offer a field for the most direct and immediate application of a national economic policy aimed at so organizing production and timing its development as to secure full and steady use of national resources. All these problems require conscious thought and the central planning of policy.

It is difficult to escape the conclusion that the Treasury has often been uneasy, and by no means always successful, in its relations

with the planning and direction of productive services. While it was exceptional for the state to undertake such functions—the Post Office being the most notable exception—the Treasury could regard itself as barely concerned with the special problems raised by such services. It could feel that it was adequately doing its duty if it kept its eye on the expenditure of administrative departments, even if their task included the buying and selling of goods and services and the entry into contractual relationships with supplying and constructing firms. Production and the rendering of service for payment was the affair of the businessman and not of the servant of the Crown. In so far as it came within the field of state activity the same methods and procedures of control were applied by the Treasury as for other departments. Thus the Treasury acted in regard to the Post Office during the nineteenth, and into the twentieth, century.

But questioning of the results and propriety of these methods became current in the first half of the inter-war period. It had three consequences. One was official inquiry into the organization of the Post Office, followed by considerable changes both in its departmental organization and in its relationship with the Treasury. Another was the policy of placing newly undertaken state services under more-or-less autonomous authorities, which, for the greater part of their functions, were put outside Treasury control. There followed, thirdly, a growing awareness of the need for the Treasury itself to develop its competence for dealing with economic and organizational tasks. Each of these consequences needs examination.

The Bridgeman Committee's inquiry into the Post Office was highly revealing, in the light it threw on precisely these questions of the financial characteristics of Treasury control over an economic service and of the organizational structure of that service as it had developed within the framework of Treasury control. It is reasonable to think that the lessons the Committee drew from the lengthy experience of this particular state economic function are of wider application. Apart from its dismissal of the claim that Parliamentary interference and ministerial responsibility were either un-

desirable in themselves or inimical to efficiency, it came to other significant conclusions.

On the subject of Treasury control in general the Committee was somewhat confused. Although it was clear enough on particular aspects of this, it can scarcely be said to have worked its several recommendations into a logically consistent picture of the desirable relationship between the two departments. It asserted that the evidence was against the view that Treasury control was exercised in an unduly vexatious way. It found that this control was often "very largely formal," and so implied that in fact the Treasury did not interfere. But it criticized the practice by which the Treasury automatically received any surplus—or profit—earned by the Post Office. In place of this it recommended a system of "self-contained finance" under which the Post Office, "after making a certain agreed annual contribution to the Exchequer, would be allowed to use the surpluses, after making the necessary reserves, for the benefit of the public, the improvement of services, and the development of its business."<sup>1</sup>

Its implicit reflection was, that is to say, that there had not been sufficient freedom for such uses of Post Office profits in the past. The Post Office should thus be encouraged to build up a fund for development, but the Committee nevertheless recommended that "the specific application of the fund from time to time" should require the approval of the Chancellor of the Exchequer,<sup>2</sup> even while it implied that hitherto the improvement of service and the development of business had been hampered by such requirement. Apparently it thought that the existence of such a fund derived from past surpluses would facilitate reinvestment even if Treasury approval for its use were still obligatory. At the same time the Committee recommended that the Treasury should leave more matters to the discretion of the Post Office, and it thought that "self-contained finance" would encourage relaxation of Treasury control.

It cannot be said that the general trend of the Bridgeman

<sup>1</sup> Report on the Post Office, Cmd. 4149 of 1931-32, para. 57.

<sup>2</sup> *Ibid.*, para. 72.

Committee's recommendations in this respect was in conflict with the chief principle of Treasury policy. Rather was it an encouragement to the Treasury to argue once again that the main responsibility for the economic conduct of its task rests with the department concerned. The Treasury may well have sighed with relief at the delegation of many additional powers to the Post Office which followed, as well as at the endorsement of the idea that it should not meddle too much with the internal affairs of a department. Indeed, it was a joint Treasury and Post Office (the Strohmenger) committee which agreed the detailed application of this policy.

On the other hand, an associated criticism by the Bridgeman Committee was directed against the accounting system which made it impossible to know what had been the real income and expenditure of the Post Office in any given year. It was clearly a condition of self-contained finance that the Post Office accounts should not be mixed up with those of departments which provided services for it—such as the Office of Works—or of the departments for which it performed services without, in the one case, showing expenditure, or, in the other, showing receipts, corresponding to these services. The Committee's report was in this respect a reflection on inter-departmental accounting practice for which the Treasury had special responsibility. It implied that the Treasury had too long treated the Post Office as the "revenue department" it formally was, and had failed to adapt its methods to the recognition that this was less a collecting than an earning department. The practice had to be, and was, changed before the other recommendation—for assigning a fixed revenue from the Post Office to the Exchequer, and regarding surplus as a Post Office reserve fund—could be implemented. The general agreement, which has followed the changes in regard both to delegation and to the assigned revenue, that these have been encouraging to initiative in the Post Office, and so beneficial to the service at large, is in some measure, at least, a reflection upon the previous practice and upon the failure of the Treasury to undertake such reforms without outside prodding.

Much the same can be said of the Committee's criticisms on the organizational side and the reforms in the internal structure of the Post Office which followed them. Over-centralization, too great a concentration of authority among the administrative officers of the secretariat as opposed to executives, and too little influence attaching to the technical officers were the three defects alleged by the Committee. They revealed the Post Office structure as being on the pattern of the regular administrative department, and implied the inappropriateness of this. The result was the regionalization of the Post Office organization, the delegation of authority, and the formation of a deliberative board containing the heads of all the branches, including the technical, and two representatives of the regions. Here again the result was a much-improved organ of policy-making, although ultimate responsibility still rested with the ministerial chairman of the board, the Postmaster General.

The net result of the Committee's findings and of the reforms which followed them was the recognition for the first time of the peculiar nature and needs of an economic and technical service, marking it out from the other departments with which the Treasury has to deal. This recognition took the form of special financial relationship with the Exchequer, and of a markedly different internal structure and organization from the administrative department. As to the latter, indeed, the changes constituted a significant step away from the pattern of the government department and in the direction of that either of large-scale business or of a public service board. But the Treasury retained vital functions nevertheless.

Now, it was precisely in the creation of more-or-less autonomous authorities for running public services that the second doubt was revealed as to the efficacy of the old forms of government administration. It marks a move away from the orthodoxies established in the nineteenth century. These orthodoxies—of unification of the public services, of common methods of recruitment and principles of treatment, of Treasury supervision and direct accountability to Parliament—were only established after much

debate and a long struggle. They would scarcely be likely, therefore, to be discarded without new and weighty arguments.

The motive force of these arguments lay in the opposition to the idea of state incursion into business which characterized the inter-war political scene. Not the least remarkable feature of this opposition was that it had to be reconciled with practical necessity, which was at the same time forcing the state into fields of economic enterprise from which hitherto it had been able to abstain, a necessity which was to reach its climax in the duress of war. As is so often the case with a regime fighting to preserve itself from inevitable transition, the opposition to change took on somewhat exaggerated theoretic forms. That necessarily the state is inefficient and the successful business-man efficient was the general line of this theory, held out as a universal truth. But in its practical application the theory was watered down into a few specific allegations brought against the orthodox government department.

A summary of these allegations can be made quite briefly. (They have been dealt with more fully in Chapter IV.) It is contended that the organization of a government department is inelastic and cramping to initiative, that it cannot be adapted to the needs of a productive service, that it is wasteful. Because of the need for accountability down to the minutest detail, it is over-weighted on the administrative side, has a large secretariat, and a cumbersome procedure, of a kind which would immediately kill any business enterprise. The civil servant, having grown up in this cramping system, and being accustomed to govern his activities by reference to precedent or to higher authority, cannot be expected to meet the rapidly changing demands and the adventurous opportunities of economic enterprise. Above all, he lives his life and has his being in the strait jacket in which the Treasury clothes him. Finally, he has not the technical skill or experience necessary for such services.

In so far as these criticisms applied to the Post Office it has been seen how far independent inquiry found them to be valid, and what were the necessary measures taken—with wholly satis-

factory effect—to remove their cause. Some of them clearly spring from misapprehensions. Such are the beliefs that the civil service is solely, or even mainly, composed of a secretariat of administrators, and that it has not an even larger body of technical or professional experts exercising great influence, as well as a host of mechanical workers. So, too, is the idea that even the actual departmental set-up of the civil service has made it incapable of efficiently carrying on an economic service in peace and in war. But just as the first expression of doubt as to the methods employed took the shape of reforms in the Post Office, so did the third mean a growing tendency at the Treasury to recognize, and equip itself for, new tasks.

This development falls naturally into two periods—before and after 1939. To the first belongs the formation of the Establishments Division at the Treasury in 1919 and the growth of a small section concerned with organization and methods. Whether this whole development went far or fast enough, however, is a question to which no simple answer can be given. Rapid evolution and what may amount to a new attitude occurred during the war. While it is impossible yet to form a judgment upon that, it is more reasonable to attempt an assessment of the tendencies of development before 1939. For this it is necessary to go back at least to the MacDonnell Commission and the changes which took place during the period of the First World War and the reconstruction which followed it.

In fact, the old question of the proper extent of Treasury interference has never ceased to pose itself. It has been the view of each successive Commission on the civil service, including the Playfair and Ridley Commissions in the last quarter of the nineteenth century, that the initiative of the Treasury in this respect should be strengthened. The MacDonnell Commission brought out in its evidence and underlined in its report the fact that the Treasury did not feel itself empowered to institute an inquiry into the general administration of a department or, if it did so regard itself, that it did not in fact use its powers except when a department had been driven to demand an increase, and then by

agreement with the department. The inference was that the inquiry was confined to the field to which the increase related.

As Sir Robert Chalmers, the Permanent Secretary of the Treasury, explained, "The general procedure is that sooner or later a department wants some change, and the opportunity is then taken to have an inquiry by agreement."<sup>1</sup> The Commission came to the conclusion that "whatever may be its indirect influence, the Treasury does not, in practice, exercise a sufficiently effective control over the organization of departments unless a question of finance is involved."<sup>2</sup> It was thus about the Treasury's fulfilment of its task, not so much of general supervision of employment or of finance as of the initiation of directives in the matter of departmental organization and in the wider field of machinery of government, that the Commission was critical. It recommended a strengthening of the Treasury by the creation of a special section within it for the better performance of all three parts of its function, but the emphasis was upon the need for so reinforcing the Treasury as to enable it to undertake continual investigations of its own volition and without having to wait for a department to originate such inquiry.

#### *(vi) The Need to develop Treasury Organization*

This section was "to carry out inquiries and investigations into any matters connected with departmental administration and methods of working." The Haldane Committee in its Report on the Machinery of Government also recommended that "more frequent inquiries should be undertaken by the Treasury into the general administration of departments."<sup>3</sup> "In the Treasury," it said, "there should be a separate branch specializing in this 'establishment' work, and studying all questions of staff, recruitment, classification, etc., and routine business generally. Such a branch would be in close touch and constant communication with the officers in other departments charged with the duty of super-

<sup>1</sup> Fourth Report, Cmd. 7338, p. 85.

<sup>2</sup> *Ibid.*, p. 86.

<sup>3</sup> Cmd. 9230 of 1918, p. 20.

vising the 'establishment' work. It would also keep itself acquainted with what was being done in business circles outside, and perhaps in foreign countries. Probably special arrangements would be required for recruiting the staff of this branch so as to provide the necessary expert knowledge."<sup>1</sup>

The creation of the Establishment Division of the Treasury in 1919 was the direct outcome of these recommendations. So also was the Treasury Section of Investigating Officers. While the former dealt with staff questions generally in relation to each department, the latter seems to have been regarded, in a somewhat narrow way, as being concerned with the supply and use of the most up-to-date office machines and equipment. "In short, it is clear that the scope of their activity was far below the level contemplated in the reports of the Haldane Committee and the Tomlin Commission. In Your Committee's opinion, as far as the Treasury was concerned, the period from 1919 to 1939 was marked by an almost complete failure to foster the systematic study of organization as applied to Government departments."<sup>2</sup>

For what the Tomlin Commission had recommended was "systematic and periodic overhaul of the machinery of government, whether or not proposals involving increased expenditure in the departments concerned have been submitted to the Treasury." It had, in fact, put its finger on the same weak spot as the MacDonnell Commission, the tendency to wait until a departmental demand for an increase gave the Treasury a case for making a survey. Now, it is true that the far more comprehensive title machinery of government, from being the description of a government committee in 1918, had, in the meanwhile, been given to a Second Secretary at the Treasury whose responsibilities included both supply and establishments. The interpretation of the term in practice, however, was much narrower than in the intentions of its originators. The Haldane Committee was set up "to inquire into the responsibilities of the various departments of the

<sup>1</sup> *Ibid.*, p. 21.

<sup>2</sup> Sixteenth Report of the Select Committee on National Expenditure, 1941-42, p. 18.

central executive government, and to advise in what manner the exercise and distribution by the government of its functions should be improved." By contrast, the Treasury Investigating Section, consisting of never more than four and at the outbreak of war in 1939 of two officers, appears to have represented the Treasury's chief effort to apply the idea of "systematic and periodic over-haul." This Section grew during the war years, reaching a staff of forty-six in 1942, and was then renamed the Organization and Methods Division.

But what, in fact, the Treasury Organization and Methods Division did was aimed at "effecting economies of time, effort, and materials through the introduction of improved methods and procedures based on the best available management technique."<sup>1</sup> It has been concerned not with machinery of government but with office management. It has dealt with filing systems, records, the approval of forms, office machinery and equipment, costing procedure, and so on. Because for a period at least it took instructions from an advisory panel of business-men and did not report direct to an under-secretary it was described by the Select Committee as to this extent "extraneous to the regular machinery of the Treasury."<sup>2</sup> "For this reason it does not and cannot exercise its rightful influence on the decisions which are daily taken on the Establishments side of the Treasury. It is not a recognized or automatic step in Treasury procedure to invite the division to examine and criticize departmental proposals involving increases in staff or changes in organization."<sup>3</sup> The Select Committee itself does not seem to have been very clear whether its chief criticism lay in the lack of impact which it alleged was made by the Division on Treasury and departmental practice, or in the insufficient scope of inquiry. There can be no doubt that the Treasury's work in the field of office management, especially during the war, and the development under its ægis of organization and

<sup>1</sup> Sixteenth Report of the Select Committee on National Expenditure, 1941-42, Appendix IV, "Treasury Organization and Methods Division; Functions and Duties as Approved by the Advisory Panel; Extract from Paper handed in by the Treasury."

<sup>2</sup> Sixteenth Report, S.C.N.E., 1941-42, p. 26.

<sup>3</sup> *Ibid.*, p. 33.

methods sections in the service and supply departments, was of great value. But it is at the higher level of organizational problems, the level on which the Haldane Committee moved, that the principal and most dangerous deficiencies exist. It is there that there seems to have been more important shortcoming or failure during the inter-war years, shortcoming which was peculiarly marked in the initial period of organization for war purposes between 1937 and 1940, but which was inherent even though less apparent during the decades following the failure to implement the Haldane Report. It can be said, nevertheless, that the creation of the Establishments Division, as well as the setting up of the Investigating Section and its great growth during the war, represent an important adaptation of Treasury organization to the needs of a new situation, in which machinery of government in its widest and fullest sense, and a comprehensive survey of all the activities of the state and the instruments by which they are carried on, falls within the field of responsibility and therefore also within that of ultimate control of the Treasury.

#### (vii) *Establishment Division*

It is apparent that the Treasury's adaptation of its organization in the inter-war period was aimed chiefly at improving its capacity for fulfilling its orthodox task of dealing with the staffing problems of the administrative departments. The adaptation scarcely seems to have included any attempted reassessment of its responsibilities in relation to the economic and social services of the state, or any development of its machinery for directing, planning, or co-ordinating them.

The former, the establishments, work of the Treasury is an additional aspect of Treasury control to those already discussed. Regarded as ministry of finance, the Treasury has a special interest in the pay and general employment conditions of staff throughout the entire public service simply because the cost is borne by the Exchequer. But the wider claim is also made that this work is an expression of the Treasury's concern, as a department having

responsibility more generalized than that of other departments, with machinery of government.

The establishments department, as its Controller, Sir Russell Scott explained to the Tomlin Commission,<sup>1</sup> "was created for the reason that the effective discharge of that part of the functions of the Treasury which is concerned with the improvement of the machinery of government required the concentrated efforts and the undivided attention of a staff specially selected for that purpose." This comprised at that time six divisions. Of these one dealt with superannuation, one "with personnel questions arising in the fighting services" and in the defence departments, three similarly with "organization and staffing arrangements of the civil and revenue departments," and one with "general questions affecting the staff and organization of the civil service." It is, in fact, and as the functions of its subdivisions show, the central staff department of the state as employer. Its concern is with recruitment, grading, pay, promotion, period of work and holiday, pensions, etc. From it originate the rules governing the activity of the Civil Service Commissioners. It is the department primarily concerned with the official side's relationships with civil service trade unions. But all this does not really make it into a machinery of government department. The whole emphasis is upon staff. Even "organization" is not organization of the functions and machinery of government departments, but "organization of the civil service."

True, all questions of departmental functioning have their staff aspects, but clearly their field is much wider. Nor do they necessarily arise out of problems of staff or of civil service organization. Whether, for example, a particular kind of information about a foreign country is best provided by the foreign service, by naval intelligence, by the overseas trade department, by some other ministry, or by a combination of them, is an organizational problem but not primarily a staff problem or a civil service problem. That is true also, to take another example, of the question of what is the appropriate authority for investigating household income—

<sup>1</sup> Minutes of Evidence, 1929, p. 1.

the Ministry of Health, Education or Labour, the Unemployment Assistance Board, the Board of Inland Revenue, or the local authority. Yet this kind of issue belongs to "that part of the functions of the Treasury which is concerned with the improvement of the machinery of government." While an establishments division, or staff department, may well be one of the instrumentalities for carrying out the policy which is framed as an answer to such questions, it is not by a division designed primarily for the task of dealing with staff matters that such policy can be most suitably framed. That is so, simply because such are questions not of establishments but of machinery of government.

It is undoubtedly the fact that the Treasury, through the establishments division, has adapted itself to the better co-ordination of policy relating to civil service matters. It has brought about some simplification and unification within the public service. It has managed to exercise somewhat greater influence upon departmental practice. 'Interference' with departmental autonomy has gone further here than in any other sphere. But none of these things can be said to have elevated the Treasury into an effective machinery of government department.

To conclude, then, it may be said that examination of the Treasury as financial department has revealed a series of further administrative needs. These arise in part from the financial responsibility itself, but they carry discussion of the Treasury into that second of its dual characters, which it possesses both because it is the only department that can claim a general co-ordinating function and because it is the department of the Prime Minister. But although they arise from financial responsibility, these further needs do not, in the main, reflect criticism of the way in which the Treasury fulfils the financial side of its task, its supervision of estimates and expenditure. On the whole this has won considerable approval. What does merit criticism is the Treasury's over-anxiety to avoid being considered a meddler in the specialized affairs of other departments.

On this score doubt has been seen to exist on a number of points. One is that it is enough to regard the Treasury as mere convener

of a general staff, consisting of the heads of departments meeting as occasion arises to consider general service matters. Another relates to whether the Treasury is intimately enough acquainted with the work of other departments, and so concerned with their organization, from the highest level downward, developed for carrying it out. Again, there is the repeated allegation of need for periodic investigation into departmental organization, not dependent upon a department's demand for increasing its expenditure. And a growing disposition has been found to criticize as unduly negative and 'co-ordinative'—that is, as not sufficiently directive and constructive and 'interfering'—the Treasury's planning both on general policy and on machinery of government questions. Finally, there is the doubt whether the Treasury has equipped itself for coping with the new and different problems in the field of social services, and of the economic and industrial undertakings for which the state has developed varying degrees of responsibility, direct or indirect.

#### (viii) *Machinery of Government and the Prime Minister*

The Treasury as the department of the Prime Minister calls for examination in three aspects. First there is the fact that it has general service functions to perform. The second exists because the Permanent Secretary to the Treasury is the principal adviser to the Prime Minister, and the latter has an overall concern with the entire business of the state. Thirdly there is the relationship of the Treasury with its offshoot, the Cabinet secretariat, which is especially attached to the Prime Minister.

Sir Warren Fisher has spoken of "the need for a central department of state under the First Lord of the Treasury and Prime Minister to be the instrument of control for the machinery of government,"<sup>1</sup> and in so doing expresses his conception of what the Treasury's functions are in this connexion. In 1920 "the government of the day affirmed the principle of requiring the consent of the Prime Minister to the appointment of permanent heads

<sup>1</sup> *Manchester Guardian*, November 28, 1942.

of departments, their deputies, principal financial officers, and principal establishment officers. It is now the duty of the Permanent Secretary to the Treasury, when a vacancy arises in any of these posts, to submit advice for the consideration of the Prime Minister and of the minister of the department in which the vacancy occurs."<sup>1</sup> The procedure is more exactly described in the following words of Sir Warren Fisher on "the necessity of the Prime Minister's approval for all major appointments, on which he is advised by the official head of the service. It should, perhaps, be made clear that this officer gives advice on appointments after discussion with the minister concerned and after consulting his wisest colleagues throughout the service, and that the Prime Minister, of course, can, and sometimes does, reject his advice."<sup>2</sup>

The slight difference of emphasis in these two accounts hides a point of very real importance. The Permanent Secretary to the Treasury is primarily the adviser of the Prime Minister and not of the "minister concerned," although, of course, he has contact with, and is available for consultation to, the latter. Usually his recommendations are made with the concurrence of the other minister. But there is a certain weakness in his position. What happens if his view is not acceptable to this minister? There is then a potential conflict in the sources upon which the Prime Minister must base his decision. He may have little time or inclination to go into the question. It takes an exceptional Prime Minister to be willing to decide against a colleague of great authority in what appears to be a departmental matter. Thus the more important the office, and therefore its ministerial head, the less is the probability that it will be interfered with, and the less the influence upon its personnel of the head of the civil service.

Thus it is clear that there is an uneven weighting of the advice given to the Prime Minister in major service appointments. His permanent adviser, on whom rests, under him, the responsibility

<sup>1</sup> Tomlin Report, Cmd. 3909 of 1931, p. 7.

<sup>2</sup> *Manchester Guardian*, November 28, 1942.

for the good order of the government machine, "whose eye ranges over the length and breadth of the service,"<sup>1</sup> has to contend with the much greater pull of Cabinet colleagues of the Prime Minister, who have generally enjoyed many years, and sometimes a political lifetime, of collaboration with him. The Secretary to the Treasury is at a disadvantage. The direct advisers of the Foreign Secretary, for instance, have more constant means of bringing their counsel to bear upon that minister than has the Permanent Secretary, though they are his subordinates. If the Foreign Secretary adopts their advice it is unlikely that the Prime Minister will overrule him in favour of the Permanent Secretary's recommendation, and, indeed, the latter will probably not think it worth while to give the advice to the Prime Minister which he would otherwise have given. Those whose eyes do not range so wide and who do not see their department with the objectivity of a responsible outside observer will have a good chance of prevailing.

It is true that there has been a growing tendency for movement between departments at the highest level of appointments ; that it is less true of the most important departments reinforces this argument. The situation has been summed up by one who has had the longest experience of the headship of the service : "Human judgment of men is fallible enough, but in the civil service there are additional handicaps. First, politicians rarely appreciate the fundamental importance of choosing the right man for a job without prejudice or sentiment. Both ministers and official heads are apt to be prejudiced in favour of choosing men from their own departments. Secondly, the innate conservatism of officialdom struggles hard against all departures from custom. Thirdly, conventions long continued inevitably create vested interests strongly opposed to the appointment of men 'out of turn.' In short, 'selection' as it is practised in efficient business concerns has in the civil service to contend with every sort of difficulty. The Chiefs of Staff of the three fighting services have far greater opportunity in this sphere ; their services do not consist of

<sup>1</sup> Sixteenth Report of the Select Committee on National Expenditure, 1941-42, p. 25.

innumerable independent 'departments' with a score of Cabinet ministers."<sup>1</sup>

The need is for stronger influence on the part of those responsible for the organization of the service as a whole. Reinforcement of the position of the Permanent Secretary to the Treasury would follow if upon a strengthened machinery of government staff attached to him there were squarely placed the onus of promotion and placement throughout the service. The 'single service' idea cannot be confined to the top places. Though a beginning had no doubt to be made with these, the time has come when this policy could be extended to cover lower appointments—say, from assistant-secretary upward. Departmental isolationism needs to be further broken down. It can only be so by the development of a strong central staff department cognizant of the latest methods of testing and selection and business management, provided, of course, that this is not actuated by financial considerations. It is unfortunate, perhaps, that it should be associated with the Treasury, because that department connotes in so many minds preoccupation with the public purse.

Such a staff division would have all the more, therefore, to be guarded against this kind of prejudice, by being divorced from the Supply and Finance Divisions at the highest level—that is to say, immediately below the Permanent Secretary—and by being clearly associated with the First Lord and not with the Chancellor of the Exchequer. It should adopt a policy of consciously seeking out, encouraging, recording the qualities most necessary to a live service. Its policy should be under constant review. Within its ambit there should increasingly come many of the appointments hitherto outside the regular civil service, where these have become matters of public responsibility—as, for instance, those on and under public boards. It would be the eye that "ranges over the length and breadth of the service" in effective operation. And such a division would be likely so greatly to add to the authority behind the Permanent Secretary's advice to the Prime Minister that the weight of a department's view, even if adopted by

<sup>1</sup> *Manchester Guardian*, November 28, 1942.

its political head, would be reduced to its proper proportions.

The other general service functions of the Treasury are seen in the fact that it "may make regulations for controlling the conduct of His Majesty's Civil Establishments, and providing for the classification, remuneration, and other conditions of service of all persons employed therein, whether permanently or temporarily." In fact, Treasury approval is required for all methods of selection to general classes of the civil service, for all special appointments outside those classes, as well as for numbers, pay, and classification in all civil establishments.

(ix) *The Office of Permanent Secretary, or Head  
of the Civil Service*

It is important to understand the special position held by the Permanent Secretary to the Treasury. His status as head of the civil service almost certainly dates from the granting of the title, Permanent Secretary, in 1867. Before that he had been known as Assistant Secretary. Until the end of the eighteenth century there had been two Secretaries to the Treasury, one usually a politician and one usually a civil servant. Both posts were made political at the beginning of the nineteenth century, when a civil service "Assistant Secretary" was appointed, and it was this post which was converted into Permanent Secretary in 1867. The change was, no doubt, part of the reforms which established the framework of a unified service, and culminated in the Order in Council of 1870, laying down certain common principles, such as that of open competition, to be applied throughout the public offices. It is logical that the creation of a single service should have had as its corollary a single head of that service. Although the papers relating to this have been lost, there can be no doubt that the status was created. By 1872 it was well established. In that year in debate on the estimates the Chancellor of the Exchequer justified the fact that the Secretary to the Treasury received a salary £500 more than any other head of a department

by saying that he "was not an Under-Secretary of State ; he was at the head of the Civil Service."<sup>1</sup>

Since this status has been questioned on occasion, it is worth noting that it found expression in many books and state papers in the following half-century, and was officially reaffirmed in a Treasury Minute of September 15, 1919. In this it is stated that "the functions of the Permanent Secretary will include responsibility for the organization of the Treasury, for the general supervision and co-ordination of the work of the Treasury as a whole, and for advising the Board. He will act as permanent Head of the Civil Service and advise the First Lord in regard to civil service appointments and decorations." Since the belief is sometimes held and the assertion made that the minister at the head of a department is solely responsible—and the Prime Minister, therefore, not at all—for making appointments to his department, it is significant also that this Minute charges the Permanent Secretary with the duty of advising the Prime Minister on civil service appointments in general ; indeed, it does not even restrict that duty to the chief posts, to which subsequent practice appears to have confined the Permanent Secretary's advice.

The position of the Permanent Secretary derives naturally from that of the Prime Minister, whose principal service adviser he is. The fact that the Prime Minister's functions have never been authoritatively and exhaustively defined was bound to reflect some element of doubt on those of the Permanent Secretary. True, since at least 1850, when Sir Robert Peel made it so in evidence before the Select Committee on Official Salaries, it has been clear that the functions of the First Lord include a concern with all major appointments to the public service. On that point, confirmed as it has been so often subsequently, there can, as has been shown, be no doubt. But there is also the Prime Minister's position in its wider and more nebulous aspects. For is he not more than "the first among equals" ? That, surely, is a characteristic English under-statement of the significance of an office. As the maker of his government, who holds in his hands effectively the

<sup>1</sup> April 5, 1872, House of Commons Report, Col. 848.

royal prerogative of appointment and dismissal, the Prime Minister has an ultimate responsibility for the work of every department. Since he could remove its chief officers—both political and civil service—he cannot but have a responsibility distinct from that of the minister at its head, and distinct from that of any of his other ministerial colleagues. Again, apart from the individual responsibility of each of his appointed ministers for the affairs of a department, there is the collective responsibility of the Cabinet ; and of this the Prime Minister is both the embodiment and the guardian. Whether his office is regarded legally as that of the chief adviser of the Crown, or politically as that of the architect of the Cabinet, it is a special one, involving an overriding accountability for all affairs of state. He is in the last resort responsible for the affairs of every department, and for any affairs also which may be within the acknowledged province of no department. There can be no doubt that Mr Churchill was acting with complete constitutionality when he decided upon the appointment of a Minister Resident in the Middle East, or Mr Attlee when he decided not to make the appointment, whether or not such decisions were submitted to Cabinet approval. When Mr Baldwin advised King Edward on the matters which culminated in the abdication, there has been no question that he was acting within the bounds of his office.

To whom he shall turn for advice in the fulfilment of his multifarious functions it is, of course, for the Prime Minister himself to determine. But in regard to most of them natural channels exist. For major civil service appointments the position has already been described. Similarly, the making of Treasury regulations on recruitment and conditions of work in the civil service is a matter for the Permanent Secretary to the Treasury, under the authority of the Prime Minister and the rest of the Board. But there are many other public appointments which are made formally by the Crown and therefore, in fact, by the Prime Minister. The Viceroy of India, Governors of colonies, the chief Ambassadors, the chairmen and members of several public boards and commissions, the Lord Chief Justice and certain other judges, and the service chiefs are obvious examples. Advice may originate in the India, Colonial,

or Foreign Office, in other ministries, or it may come from the Lord Chancellor's office, or the service departments. The Prime Minister will naturally consult the minister most directly affected. He may confer with his most trusted colleagues—an "inner Cabinet." But clearly the most immediate source of counsel is his principal permanent adviser, the Head of the Civil Service, to whom also will belong the task of gathering, collating, and advising upon, the ideas of departments. The Prime Minister also recommends to the Crown the appointment of bishops. Here he normally consults high dignitaries of the Church and no doubt usually acts accordingly, but it will certainly be the duty of the Permanent Secretary to the Treasury to point out to him any consideration relevant to public policy and good government, should such arise. It is, again, on the Prime Minister's proposal that peers are created. Where a peerage is given as a reward to a permanent public servant it is laid down that the Permanent Secretary shall advise, but he would no doubt be free, and should certainly be available, to advise in other cases as well.

The reservation must, of course, always be made that advice is no more than advice, and that the Prime Minister is free to reject advice. That he often does so is equally a matter of course, though when he does he will normally be fortified by contrary views expressed by alternative counsellors, whether political, service, or personal. But with that reservation, it is clear that his chief source of advice will be within his own department, and so from its permanent head. That is particularly clear in questions of machinery of government, these being the affair of that department and of no other. But the need has already been suggested in that connexion for increased urgency and importance to be attached to the planning of governmental organization. It has been proposed that this, which is undoubtedly the responsibility of the Prime Minister and under him of the Permanent Secretary to the Treasury, should be more definitely recognized as such, the division concerned being accordingly strengthened with the purpose of keeping a constant eye open to the appropriateness and adequacy of each department to its work, and to the distribution

of functions between departments. "Machinery of government" should be interpreted in that large sense which alone corresponds to the Prime Minister's function of "ultimate responsibility" for efficient government in general.

(x) *The Prime Minister's Responsibility a General One*

But the Prime Minister's ultimate responsibility, and his general concern with the affairs of his government as a whole, may mean for him the need for a periodic concentration on some one department as well as a supervising eye on all of them. In both connexions, either from the Prime Minister's initiative or from his own, the Permanent Secretary to the Treasury has obvious functions to perform. It may be that government policy of the moment, or public agitation, or some outside event is directing attention upon one department. That is likely, as a consequence, to bring it to the Prime Minister's notice. He will want for that reason to be doubly sure of its proper working. He should welcome, and may require, the views upon it of the Permanent Secretary to the Treasury. This is something quite distinct from the fact that it is, of course, in the continuous charge of one of his colleagues, who is in the first resort responsible to the Prime Minister and the Cabinet, as well as to Parliament, for its operations. In the delicate interplay of discussion between the authorities thus involved the Permanent Secretary may have a quite distinctive part to play. He knows the chief civil servants of the department and will have views upon them, and upon their methods of organizing and running their department, just as the Prime Minister knows the political head.

For, if this be part of the Prime Minister's proper task, then to advise him upon its performance must be within the province of his staff. What is more, they must be ready to advise him. He may, of course, turn elsewhere or use persons selected *ad hoc*. But he has, and must have, available in the Permanent Secretary to the Treasury and the latter's subordinate officers a standing body of agents and advisers. In them he has, in fact, an un-

rivalled concentration of experience of Whitehall. While it is, no doubt, their primary job to prevent rather than to cure, and the best proof of their efficiency will be the absence of any need for emergency measures, should such emergency arise, with them will lie the responsibility for suggesting remedy. Such a body, therefore, should have the widest experience and the greatest possible collective wisdom, and the utmost care needs to be taken in their selection.

The Prime Minister, again, is especially concerned with the co-ordination of the policies of ministers and of the activities of their departments. True, that is the business of the Cabinet. But so may everything, or very nearly everything, be the business of the Cabinet. Scarcely any of the Prime Minister's functions, except perhaps the creation of the Cabinet itself, are outside its scope or beyond its intervention. Even more is that true of every other minister. A wise Prime Minister will do his best to carry the Cabinet with him in all his decisions. Few will deem it anything but dangerous to acquire a reputation for autocratic behaviour.

In the work of co-ordinating policies, however, the Prime Minister as the chief of the "non-departmental ministers" has a special position, and a special responsibility for ensuring that proper co-ordination occurs. Again, it is true that there is more than one way in which the Prime Minister may elect to see to this. He may not choose to take upon himself the immediate task, but may delegate it to a senior colleague, probably one without heavy departmental duties, as Mr MacDonald delegated the task of dealing with unemployment to Mr J. H. Thomas. Or more often there will be established a sub-committee of the Cabinet, or such a standing committee as the Committee for Imperial Defence. This last, now superseded by the Ministry of Defence, was in existence for a generation. It offered an illustration of the continuing administrative need for co-ordination and, because it was very carefully thought out and stood the test of time, of the means found useful for meeting that need. First, it was under the chairmanship of the Prime Minister. Secondly, it included all the service ministers and the Chancellor of the

Exchequer. Thirdly, and distinguishing it from a Cabinet sub-committee, it contained the chief staff officers of the services as well as the Permanent Secretary of the Treasury as Head of the Civil Service.

The Prime Minister's special position in regard to the Committee of Imperial Defence was, indeed, made clear in the Treasury Minute of May 4, 1904, which established it. The Committee was to "consist of the Prime Minister, as President, with such other members as, having regard to the nature of the subject to be discussed, he may from time to time summon to assist him."<sup>1</sup>

Clearly, such a body affords a permanent means of providing for co-ordination. It reduces the probability of inter-departmental clashes by acting as an encouragement to the raising of conflicting points of principle in their early stages before a department has taken up an entrenched position. Even so, it is significant both that the Prime Minister was considered to be its necessary chairman as well as constituting authority and that his chief permanent adviser at the Treasury was also regarded as a necessary member. At the time of the setting up of the Committee Lord Esher wrote to Mr Balfour : "In Germany it is the Emperor who co-ordinates the action of the German Navy and Army. In Britain it can only be the Prime Minister. That is a constitutional axiom."<sup>2</sup>

What is true of the defence services is no less true of the economic or social service departments. There can be no doubt, for instance, if unemployment or housing is a main preoccupation of his government, that the Prime Minister has a special responsibility for co-ordinating the policies of the several ministries most directly concerned. With the growing attention paid to such aspects of state activity the need for special staff and for new machinery for policy-making has been increasingly recognized, although recognition has scarcely kept pace with the need for it. The earliest form of this, the Civil Research Committee, was indeed intended as a parallel to the Committee of Imperial Defence.

<sup>1</sup> Report of the Sub-Committee of the Committee of Imperial Defence on National and Imperial Defence, 1924; Cmd. 2029.

<sup>2</sup> *Journals and Letters of Reginald, Viscount Esher*, Vol. II (1903-10), p. 38.

Just as the latter gave to the Prime Minister for the first time a department of his own, so has this parallel development constituted machinery supplementary to the Cabinet and closely associated with the Prime Minister. The Economic Advisory Committee, into which the Civil Research Committee was transformed by Mr Ramsay MacDonald, was directly attached to the Prime Minister. But just as it took the German threat of war at the beginning of the century to bring about an effective instrument of defence co-ordination, so did it take the actual outbreak of war to convert these foreshadowings of an economic staff, in the shape of a group of amateurs giving occasional and voluntary service, into the established economic secretariat of the War Cabinet of Mr Churchill. And there can be no question of the need for carrying such war-time instruments of government into peace-time organization.

There thus emerges the need for machinery of co-ordination at two levels. The first is the ministerial level, where the task normally belongs to the Cabinet. Since the Cabinet, however, is a heavily burdened body, it may have to delegate certain more onerous parts of its work to restricted groups of its own members. Here the Prime Minister is the lynch-pin uniting the larger with the smaller, more specialized piece of machinery. The second level is that of secretariat. Consultation between officials of different departments, and particularly between individual departments and the Treasury, is the normal procedure where matters belonging to one department affect another in day-to-day administration. But such *ad hoc* discussion requires supplementing, especially where a problem such as housing, investment, or defence against invasion concerns a number of departments equally and simultaneously. For there are many, and an ever-increasing number of, problems which are less inter-departmental than supra-departmental. Neither the Cabinet as a whole, nor any committee of its own members, can be expected to make policy from material which no single department can provide and no collection of departments can present as a collated whole. It is naturally in regard to these that what is, in effect, a supra-departmental staff

is required. But such staff has, of course, to work to ministerial direction. And here again the Prime Minister is the natural authority. In fact the Prime Minister's staff for such purposes is, of course, of the Treasury, or of that off-shoot from the Treasury, the Cabinet secretariat.

But the functions of the Cabinet secretariat in the inter-war period were confined within the most narrowly drawn limits. They might be described as the minimum normal secretarial functions of a committee's staff. The secretariat had to prepare the agenda of the Cabinet and of committees of the Cabinet, circulating the necessary papers, and seeing that the required formalities had been complied with. It would ensure, for instance, that proposals had been submitted to the Chancellor of the Exchequer for comment before being put on the agenda. It drafted the minutes or 'conclusions' of Cabinet meetings, and saw that they were communicated to members, and that any extracts affecting them were sent to non-Cabinet ministers. It had to co-ordinate the work of the Cabinet with its committees and with the activities of the departments.

What is more important, however, is what the Cabinet secretariat did not do. It was not an advisory, recommending, or planning body. It was precluded from interfering with departmental responsibility. It was not policy-making or administrative or the initiator of executive action. Nor did it use its position to push forward ideas of its own ; if in the course of its work any such ideas occurred to it they would be communicated to departments, but would not be the subject of independent action.<sup>1</sup> That being the case, there was little, if any, jealousy of the Cabinet secretariat on the part of the departments. But the consequence also follows that it in no sense filled the need mentioned above for something in the nature of a supra-departmental staff to advise the Prime Minister in particular and the Cabinet as a whole. Indeed, the suspicion—unfounded though it proved to be—that such interfering functions were, in fact, being performed by the Cabinet secretariat led to several political attacks upon it, and to the never

<sup>1</sup> See *Empire Review*, 1924 ; Clement Jones, "The War Cabinet Secretariat."

implemented promise of Mr Bonar Law to put an end to it. What was made clear instead was that it was merely a piece of business machinery useful for the efficiency of Cabinet proceedings and for saving the time of the Prime Minister, but having no constitutional implications.

Thus it follows that the existence of the Cabinet secretariat, though it is attached to the Prime Minister directly, does not impinge upon the relationship between the Permanent Secretary to the Treasury and the First Lord. The former remains the principal civil service adviser of the Prime Minister. That this is so is emphasized by the fact that the Secretary to the Cabinet, whose salary is borne on the Treasury vote, is a subordinate officer of the Treasury. It would be constitutionally wrong to assume that for general government matters, as distinct from financial affairs, the permanent Head of the Treasury had been in any measure supplanted during the inter-war years by the development of the office of Secretary to the Cabinet. The civil service responsibility of the latter is not to be compared with the wide range of the former, whose duty it is, as has been seen, to advise the Prime Minister on any matters coming within his province—that is to say, on government in general. And it is in this comprehensive sense that to-day Treasury control needs to be regarded and its expansion undertaken.

## CHAPTER VII

### The Machinery of Central Direction

**I**N the previous chapter some descriptive analysis of the Treasury revealed it as the nearest approach to a department charged with general co-ordinating and directing functions. That is because there is linked with its financial responsibility the task of bringing order into the machinery of government as a whole. But because this latter job has sprung from its duty of supervising expenditure it has not seemed to exist of its own right. Economy being its justification, the tendency has been negative—to check costs rather than to consider what outlay is required to promote development. This scheme of things was not unsuited to the regulatory state of the nineteenth century, but it is not enough for the modern state which exists so largely as a co-operative instrument for the direct provision of services and for planning the use of national resources. While responsibility for individual schemes of social development has been placed upon the departments, and both they and the Treasury have come increasingly to acknowledge the more constructive aspects of the state, this process has now reached a stage where it is no longer enough to adapt the old machinery, but where new machinery needs to be added.

The necessity has been argued for an expansion of the central directive agency of government hitherto located in the Treasury. Treasury control, conceived in its more narrowly financial aspect as a check on the expenditure of administrative departments, has been described as comprehensive, careful, and on the whole efficient. For that purpose Treasury organization may have been well suited. Even here, however, the Treasury's relations with other departments have been seen to confront it with a dilemma. Each of these departments has a minister at its head who is individually responsible for the whole of its activities. The Treasury

can only exercise control over it, therefore, without encroaching on that responsibility, if it circumscribes the meaning of financial supervision, but this is then in danger of being rendered superficial.

The theory is, of course, that once policy has been determined by the minister the Treasury's task is merely to see that this is carried out at the least cost, or that after the ends have been laid down by Parliament the Treasury has only to ensure that the means are both good and economical. But there are two reasons why this picture is incomplete. First, as policy becomes more complex it is less easily stated in simple terms and understood by a body of officials outside the department making it. It is also more likely to require modification in the process of its application. Ends and means are more interdependent. Experiment in means, for instance, may reveal different possibilities in ends. Secondly, the Treasury, with the Prime Minister at its head, is more than a ministry of finance, and as such is concerned to ask whether policy itself is being efficiently conceived and the ends of policy built on scientific foundations. How much more, then, must the Treasury be in need of having its dilemma resolved for it if it is to exercise that enlarged authority which the social service state—and still more the socialist state—require some central directive agency of government to exercise. What is needed, in short, is that the general government aspect of the Treasury be given greater weight relatively to the financial aspect, and that the latter be made more distinctly the servant of the former. That implies, however, not only the enlargement of authority but the development of new machinery. And this takes three forms.

The first new need of the present-day state, by comparison with the past, is for central machinery of economic planning. The second is for an authoritative body to create, maintain, and overhaul machinery of government—a directive authority for the scientific ordering of public administration in the much bigger and vastly more complex connotation of that term in the modern social service state with an important sector of socialized industry. The third is for an agency of information and public relations, the

function of which shall be to organize and foster at every level of the execution of plans the understanding and co-operation of the public. Finally, the financial control already existing must be so adapted as to ensure that it shall be informed by the spirit of such higher agencies.

### (i) *Central Economic Planning*

A central planning machine is sometimes treated as though it were necessarily "an economic general staff." Dispute has ranged round the question whether it should or should not be this, without the contestants being always clear what they mean by the phrase. Hostility is rightly aroused by the idea of a body of theoretical economists living in an ivory tower and spinning their abstract schemes remote from the humble executants in the hurly-burly of practice. The essential is to link closely the thinking out with the application of plans without giving the task of thinking to officials too busy with execution to have time to perform it.

The words in the White Paper on the *Central Organization of Defence* are equally valid in this field. "It has always been a cardinal principle of the British organization that, alike in the Chiefs of Staffs Committee and in the Joint Staffs, it should be the men responsible in the service departments for carrying out the approved policy who are brought together in the central machine to formulate it. The soundness of this principle has been amply proved in practical experience in war."<sup>1</sup>

By contrast—and this is the parallel kind of "economic general staff" of which its critics are doubtless thinking—"Another method which has been suggested from time to time is the creation of a 'Combined General Staff.' Critics of our organization have contended that the Chiefs of Staffs Committee, and the Joint Staffs for planning, intelligence, and administrative planning, do not form a combined General Staff in the sense of an impartial central organization which plans operations without regard for service prejudice or sectional interests. Our own experience, how-

<sup>1</sup> Cmd. 6923 of 1946, p. 5, as for subsequent quotations.

ever, and a close study of captured German archives showing the working of the German Oberkommando der Wehrmacht (O.K.W.), combine to demonstrate that this conception is not only inferior to our Joint Staff system, but has defects which in practice proved disastrous. The German system failed because the Planning Staffs of the O.K.W. were not drawn from the headquarters of the three services. The plans they produced had later to be handed to those headquarters for execution, and were often found to be unrealistic. The cleavage between planning and execution set up dangerous antagonisms, and entirely nullified any theoretical advantages of the German system."

It will be as well to complete the picture of the defence organization before considering the application of its lessons to the economic field. It must be regarded as a four-tier structure, the key to which is the Chiefs of Staffs Committee. This body, consisting of those actually responsible within each service for the application of strategy, has the responsibility for thinking out that strategy, "for preparing strategic appreciations and military plans, and for submitting them to the Defence Committee." Under its direction is the necessary joint staff for strategic planning, intelligence, and administrative planning. When he or the Committee so desires the Minister of Defence acts as its chairman. The Committee presents its reports direct to the Cabinet and the Defence Committee "as the professional military advisers of the Government" and not through the Minister of Defence.

Above the Chiefs of Staffs Committee is the Defence Committee, which is in its chief characteristics a continuance of the Committee of Imperial Defence. This, the supreme policy-making body under the Cabinet, is closely linked with the latter by its membership. The Prime Minister is its chairman, the Defence Minister its deputy-chairman. In addition, the Lord President of the Council, the Foreign Secretary, the Chancellor of the Exchequer, the service ministers, the Minister of Labour, and the Minister of Supply are regular members. The Chiefs of Staff are in attendance. "Such other ministers, officers, and officials as may be required will be invited to attend meetings of the Committee,

according to the subjects under discussion." Sub-committees, mainly of officials, but when necessary containing persons outside government service, draw up the plans for mobilizing national resources.

The service departments retain the task of executing defence plans in accordance with the general policy thus determined, and their ministerial heads are accountable to Parliament for the activities of the departments under their charge.

The Minister of Defence, besides presiding normally in place of the Prime Minister over the Defence Committee, is responsible for the following functions :

"(a) The apportionment, in broad outline, of available resources between the three services in accordance with the strategic policy laid down by the Defence Committee. This will include the framing of general policy to govern research and development, and the correlation of production programmes.

"(b) The settlement of questions of general administration on which a common policy for the three services is desirable.

"(c) The administration of inter-service organizations, such as the Combined Operations Headquarters and the Joint Intelligence Bureau."

This brief outline has served to bring out the salient features of post-war defence organization, with a view to suggesting their relevance to the required administration of state economic activity. The state is moving, and it would seem must move, in the direction of the grouping of its functions. Such a grouping, which included as one function defence and as another production, was made in the Haldane Report on the Machinery of Government. That brilliant and far-sighted document laid great emphasis also on "the principle . . . of placing the business of inquiry and thinking in the hands of persons definitely charged with it, whose duty is to study the future, and work out plans and advise those responsible for policy or engaged in actual administration. The reason for the separation of work has been the proved impracticability of devoting the necessary time to thinking out organization and preparation for action in the mere interstices of time required

for the transaction of business."<sup>1</sup> Later experience has certainly given greater force to these words. Assuredly, much less of a contrast can now be drawn than in 1918 between the administrative necessities of war and peace. Total war requires mobilization of the whole national economy. Nor are its objectives or the methods of achieving them more easily defined or less complex. It is unlikely that had the Committee been composing its report thirty years later it would have felt able to affirm that : "It will not be possible to apply these methods as fully in the sphere of civil government, because the exact objectives of civil administration are less obvious and less easily defined than those with which the Navy and the Army are confronted ; and the elaboration of policy cannot be so readily distinguished from the business of administration."

The important comparison is not between military and civil administration but between national economic organization for war and for peace. In both cases the objectives have to be worked out harmonizing the desirable with the possible. Perhaps there is a greater variety in the peace-time selection of this particular harmony. There is greater freedom of choice and more to choose from. On the other hand, the human material is less malleable, being less subject to discipline and less amenable to leadership on grounds of patriotic response to acute danger to the community. Explanation and persuasion must play a greater part, command and the use of state authority a smaller part. But these are differences of degree affording no basis for violent contrast. In some ways they render the peace-time task easier, in others more difficult. The essential is just as certainly to define the objectives and to elaborate the policy for attaining them. Just as definitely is it necessary to think out the objectives, doing it in such a way that they are kept down to practical bounds, and so to organize the possible that it is inspired by, and raised to meet, the desired objective. This calls, in practice, for the co-operation of three elements : first, the thinker-out of objectives ; secondly, the elaborator of policy to attain them ; thirdly, the executor of the policy

<sup>1</sup> Cmd. 9230 of 1918, p. 6.

broken down into its component parts ; or the joint ministerial body, the joint chiefs of staff, and the service directors. Quite clearly there has to be the closest linking between them. Each is necessary to the other as authorizer, advisor, or executant, and each must in some measure act as a check and corrector of the rest.

So it would seem that within the state function of production the same general categories must enter into organization as in the function of defence. It is equally patent that these economic tasks call as much for integration, and can as little afford to be diffused among the whole field of government responsibility, if they are to be efficiently directed and their common uniting aim not lost sight of. Here indeed is a specialized function of the state which has to be treated as such, the greatest care being exercised to see to it that it is adequately planned as the unity it naturally is. But it must be so organized that the twin purpose is achieved " of placing the business of inquiry and thinking in the hands of persons definitely charged with it " and of ensuring that such persons are closely linked with and not antagonistic to those who have the business of carrying out the plans.

It would seem that the policy in fact being carried out by the government is in accordance with these principles. It is admittedly in its early and experimental stages, and there can be no doubt that much further development has yet to take place before the machinery can be regarded as anything approaching adequate, even in its general outlines. Speaking of an " economic general staff, in the sense of a general body of experts and economists who would make the plan, get it approved, and carry it out separately from the general departments," Mr Herbert Morrison rightly said that " such an organization would be as big as the government, and would not work, and there would be general friction all round." The problem was, he said, " to bring into co-operation with the economic section of the central statistical office and the Cabinet secretariat the experts from the departments of state concerned in these economic affairs, and to build up an efficient economic machine on the official level."<sup>1</sup>

<sup>1</sup> In the House of Commons on February 28, 1946. (*Times* report of March 1.)

Existing machinery is constituted at five levels, and bears a certain resemblance to the defence organization, although it is as yet much more rudimentary and leaves out much that is necessary for it to work with full efficacy. That "there was a lot to be learned from the armed forces about administrative organization, joint thinking, and joint planning" has been said by Mr Morrison himself.<sup>1</sup> It may therefore be assumed that the parallel has had some degree of official recognition.

There is, first, the Central Planning Committee. This is made up of the heads of the chief economic departments, and contains also the heads of the Office of the Lord President and of the Central Statistical Office, Economic Section of the Cabinet Secretariat. This "high-powered" body, as it is described,<sup>2</sup> has the function of over-all planning and of relating this to the capital expenditure aspects of a "full employment" policy. The parallel to this in the defence organization is the Chiefs of Staffs Committee, but it is in fact a far cry from the one body to the other. Heads of departments are much too busy and have too many preoccupations with the general running of their departments ever to be able to act as effective chiefs of staff in the economic field. They tend inevitably to be general managers, with mainly administrative qualifications of a civil service character, rather than experts in the management of a specialized service. They may well have functions of co-ordination to perform for which such machinery for bringing them formally together may be useful. But it would be no more justifiable to expect them to do the work of central planning of economic services than to expect that task to be fulfilled for the armed services by the heads of the service departments in place of the chiefs of staff.

No doubt it was such considerations that led to the decision early in 1947 to establish an additional means of co-ordination. This was the appointment of planning officers in each of the departments concerned, making together something in the nature of a steering committee, and a single Director of Planning over

<sup>1</sup> *Ibid.*

<sup>2</sup> See C. P. Mayhew, *Socialist Economic Planning* (Fabian pamphlet).

them. This new machinery is crucial because it provides the method of ensuring three necessary conditions of efficient central planning. "There must be a centre of control which is also a source of drive and energy if the phases of realization of the programmes are to be kept in balance and to time."<sup>1</sup> Such a combination can come only from a key administrative body of this kind working in close union with the ministerial organs belonging to the third and fourth levels, described below, and providing the authority for both control and driving force. Secondly, it must be the means of verification, or checks on progress in the realization of programmes, and therefore, thirdly, the instrument of rapid adjustment of plans. "What matters is not the occasional clash of departments but the constructive integration of their work and policies as constituents of a common plan,"<sup>2</sup> as Sir Oliver Franks has very well put it; and they must consequently be backed by sufficient authority.

Secondly, there is that body of officials which is charged with the preparation of material on which plans can be based. Their work consists essentially of information and research, analysis and inferential suggestion. The economic section of the Cabinet Office was developed during the war for this work, which belongs particularly to the Central Statistical Office therein. Again, there is a parallel in the defence organization : this is the joint staff who serve the Chiefs of Staffs Committee and who are drawn from the three services. In that these officials directly serve the ministerial committees or the Cabinet Minister especially concerned with some part of economic planning, they resemble in function the professional advisors of the Minister of Defence and of the Defence Committee. On the other hand, they are not drawn to the same extent from the field of executive action, and, it would be fair to say, have, therefore, a less intimate association with the services for which planning has to be undertaken. But, as has been seen,

<sup>1</sup> Sir Oliver Franks, *Central Planning and Control in War and Peace* (1947), Lecture II.

<sup>2</sup> *Ibid.*, Lecture III.

planning needs to be thought of at two levels—the thinking out of objectives and the elaborating of policy to attain them. It is to the former of these aspects that this particular part of the so-called general staff has to direct itself and to give its aid to the ministers concerned. It has, that is to say, to survey the national economic position, to report on trends in production and consumption, to examine the factors determining actual and potential output—such as man-power, raw materials, machinery. It is thus more in the nature of an intelligence service providing the data for planning. Specific inquiries have to be undertaken by it on ministerial instruction in order to help ministers to determine what alternative objectives are feasible and which of them should be selected.

They may then, it is true, be called upon to provide information which will assist in deciding what policies should be adopted, but even so, these officials remain in essence an information or intelligence service rather than a joint staff of those concerned with the ways and means of achieving a set purpose. That is not, of course, to say that they are not concerned with the ways and means, but that they are primarily involved in considering the conditions which set the purpose and which may also limit the methods of achieving it. They set down the desiderata. They indicate the dangers. They report the characteristics of current trends. They suggest the general strategy in its broader outlines. They are also in the nature of a reference bureau to report on the probable effects of some current development or some proposed line of policy. In that way they must act as a check upon the elaboration of policy by showing what may be its secondary or unforeseen consequences.

They may expose, for instance, the extent of a prospective adverse balance of payments and suggest the outlines of a pattern of diminished imports and increased exports to bridge it. But their primary function is to reckon the over-all need which has to be met. Now, at the next stage, the transport executives may work out a way of reducing their import requirements in fuel oil, the coal executives may propose a method of increasing the surplus available for export, or the motor or agricultural machinery

industry may suggest means of improving supplies or developing a new market. A combination has to be effected at this level for elaborating immediate and long-term policy. It is the level corresponding to the joint staffs in the organization of defence. The depressed or 'development' areas afford another example. The general objective here is, of course, clear. It is the full and the best use of available man-power in terms of local and national needs. This calls first for a statement of the problem in the form of estimates of man-power according to previous occupation, and showing the extent and kind of acquired skills characterizing it, the amounts and kinds of accommodation, basic services, and so on. It may call also for estimates of productivity per man-hour in alternative trades and for similar information.

The question is not for the moment what are the powers granted by the Distribution of Industry Act to the Treasury to authorize loans for the provision of services or to the Board of Trade for buying land or building factories. The necessary powers are the precondition of any planning, and it is only on the assumption that they are made available that discussion of appropriate machinery of economic planning can be undertaken. Not only is it required for this that there shall be a defining of the problem, and so of the objective and the general strategy it suggests—this work may be done by the economic and statistical secretariat at the centre—what is equally required is the bringing together on the spot of a combined staff for the elaboration of policy. This means the selection of alternatives, the choice of tactics, the arrangement of timing, the harmonizing of differences, the general working out of a coherent plan for achieving an objective defined in terms of local and national need and local and national availability of resources. It involves consideration of such things as housing, social services, technical training, power, and transport, each of which is the concern of a state department and, it may be, also of local authorities. But it involves in addition the collaboration of those directly responsible for the provision of economic services, industrial executives, commercial representatives, and trade unions. It means the securing of the co-operation of the public, the

development of a sense of communal responsibility which can come only from the organization of the community into a participation in its economic as its social affairs. No less is demanded than to apply the principle of defence organization that "the men responsible . . . for carrying out the approved policy . . . are brought together . . . to formulate it."

While a regional problem such as that of the depressed area may require a regional form of planning machinery, the principles upon which it needs to be modelled are not different from those which apply in the wider field of national economic planning. There, too, the task of formulating policy must be increasingly placed in the hands of those public servants and public representatives who are executively responsible for carrying it out. And they form an additional element to both the Central Planning Committee and the intelligence staff charged with the thinking out of objectives in the Cabinet secretariat or the Central Statistical Office.

The functions of the Central Economic Section have been defined as follows :

"To receive all economic intelligence collected by various governmental agencies ; to cover, by their own researches, any gaps in that intelligence ; to make or procure specific studies in those spheres which are not covered by any one department ; to appraise economic intelligence, both general and particular ; and to present co-ordinated and objective pictures of the economic situation as a whole and the economic aspects of projected government policies. It should be open to them to commission, where appropriate, special studies from universities or other institutions. The section would be at the service of any Cabinet committee or committees dealing with national development and economic relations. But it would also be their function to supply to particular departments, on request, economic advice on matters of departmental interest on broader lines than are possible for the department itself. It would work closely with departments, and often share in the formulation of departmental policy on more important issues at an early stage. It would thus maintain close contacts with economists employed in departments, and its existence would

facilitate constant informal exchange of views among all economists in the government service. There would naturally be some interchange of personnel, from time to time, between the Central Section and the economic staffs of departments. In this way the section would avoid the reproach of being a mere body of arid academicians remote from the hurly-burly of practical administration and crabbing departmental initiative by academic criticisms."<sup>1</sup> It was consciously devised to centralize expert study and advice and to look at national economic conditions as a whole. The need for it springs from the fact that something more is required than can be provided by a departmental approach or even by a collection of such departmental approaches.

But what emerges with equal clarity from any such examination of the functions of a central economic staff is the parallel need for similar economic staffs in each of the departments or services. Indeed, its primary function is the linking and integrating of the activities of these. Their active existence is implicit in the whole conception. The same type of central and departmental interlocking of machinery has been developed, mainly during this century, in the fields of establishments and finance. There similarly, while there exists a central division in the Treasury, it is supplemented, rendered more realistic, and made effective by the work of the establishment and finance officers and their sections in each department. Exactly the same organizational picture is applicable to the business of economic intelligence and planning.

The third and fourth levels of existing machinery of economic planning are perhaps even more closely connected than the first and second. Their parallel in the defence organization is the Defence Minister and the ministerial defence committee. The chief difference in the economic administration would appear to be that they are both in the plural. If there is a supervising Minister of Economic Affairs other than the Prime Minister it would seem to be the Lord President of the Council. It is he who answers questions in the House of Commons of a general

<sup>1</sup> Sir John Anderson, in *Public Administration* (1946), Vol. XXIV, No. 3, p. 153.

character on national economic organization, while such ministers as the President of the Board of Trade, the Chancellor of the Exchequer, the Minister of Labour, or the Minister of Fuel and Power deal more exclusively with the affairs of their respective departments. There is as yet no Minister of Economic Affairs as such, and the short-lived war-time experiment of a Minister of Production has been discontinued. However, this last was perhaps a presage. His position seems to have been comparable with that of the now superseded Minister for the Co-ordination of Defence. "The Minister for the Co-ordination of Defence, who had been appointed in 1936 to assist the Prime Minister in the task of overseeing the rearmament programme, at first remained in office as a member of the War Cabinet, but his position was anomalous. He could not control the mobilization and direction of the whole resources of the nation for total war, a task which of necessity falls to the Prime Minister, nor had he any specific responsibility for knitting together the activities of the three services. The post was abolished in 1940."<sup>1</sup> Much the same *mutatis mutandis* could be said of the office of Minister of Production. For it is clear that so important a task can only be performed by the Prime Minister or a minister of the first rank to whom he delegates it and who retains an exceptionally close contact with him. It is hardly surprising, therefore, if the tendency is to give it to a first-rank "minister without portfolio" like the Lord President. By contrast, the Minister of Production in the past neither had such a specific and superior responsibility, nor was his office so defined as to confer on it the high authority of direct derivation from the Prime Minister.

The vital need is for the integration of the policies and plans of the several departments concerned with economic affairs and it may be also of the increasingly numerous other public bodies running economic services. There must not be a variety of distinct policies being pursued and of plans being drawn up and operated, but a coherent whole. The ultimate responsibility for this integration rests, of course, with the Cabinet. Its normal

<sup>1</sup> Cmd. 6923 of 1946, p. 3.

procedure for ensuring coherency in the work of different departments is by establishing either *ad hoc* or standing committees of the ministers concerned. This has in fact been the practice in this field too. Since the ultimate responsibility, however, rests with the Cabinet as a whole, governments are usually reluctant to disclose the exact committee organization at this level through which they work. Mr Herbert Morrison has spoken of "ministerial committees above, which determined issues of policy, to which the reports of the economic planners came. They determined what should be done about the reports, and gave instructions to the officers on the official level as to what they were to inquire into."<sup>1</sup> Such a description implies the existence of several *ad hoc* or standing committees and not of one particularly charged, like the Defence Committee in its sphere, with the collective responsibility of the government as a whole for all its economic policy. Yet there is no less a need for the continuous co-ordination and drive in this sphere than in that of defence, which is only likely to be forthcoming if the collective responsibility of the Cabinet is delegated to a ministerial body of the fullest authority.

From his long experience, both as an official and as a minister, Sir John Anderson has recommended the creation of such a Cabinet Committee either in combination with a similar committee for dealing with "external economic affairs, including import and export policy, and commercial and economic relations both with foreign countries and within the British Commonwealth," or separately as a National Development Committee. The latter, on his proposal, would "cover internal economic problems and issues of policy affecting national economic development."<sup>2</sup> Such an economic policy committee would include the President of the Board of Trade, and the Ministers of Labour, Fuel and Power, Agriculture and Fisheries, Transport, and Town and Country Planning, as well as the Chancellor of the Exchequer and the Prime Minister. Clearly there is need for both committees. They might sit jointly when appropriate. But it is as well to remember that

<sup>1</sup> In the speech already referred to. (See p. 192.)

<sup>2</sup> Romanes Lecture, 1946; see *Public Administration*, Vol. XXIV, No. 3.

for the drive which is needed from such a body it should be kept small and should not contain too many ministers who are only extraneously concerned with its work. For the same reason it should be presided over by a minister of the highest authority who takes special responsibility for directing its work and who is intimately associated with the relevant officials, whether in the economic secretariat, the Central Statistical Office, or elsewhere.

If there should be a single ministerial body charged with the general governmental responsibility in this field, that is to say, there should also be a single minister continuously at its head, whose duty it is not only to co-ordinate and supervise but to act as a dynamic director and initiator and as the sponsor for all aspects of a general character of its work. His position would correspond in this field to that of the Minister of Defence in his. As the White Paper on defence organization says, "the Prime Minister must be Chairman of the Defence Committee, by virtue of his ultimate responsibility for national defence.... It is desirable that he should have as Deputy Chairman a senior minister who can relieve him of as much as possible of the detailed work of supervising the preparation of our defence plans."<sup>1</sup> Exactly the same is true in this connexion. It may be that the Lord President of the Council is a suitable senior minister for undertaking this task. There is a growing body of precedent for making him the responsible minister. On the other hand, there has in recent years been a tendency to enlarge his responsibilities in other ways. He is increasingly the Minister for Research recommended by the Haldane Committee, and there are already answerable to him the Department of Scientific Research, the Medical Research Council, and the Agricultural Research Council. During the war additional scientific bodies were created, and there is growing recognition of the need for ministerial authority as a backing for scientific investigation. The economic minister's task should be a full-time one, and he should be concerned with research and with scientific bodies only in his own special field.

The area of responsibility of such a Minister of Economic

<sup>1</sup> Cmd. 6923 of 1946, p. 7.

Affairs is indeed large enough. He would preside normally in place of the Prime Minister over Cabinet Committees for national development, for external economic relations, and for any specific issues that might from time to time arise. On the parallel of the defence minister, he would be responsible for inter-service organization ; this would mean in particular economic intelligence and planning staffs. He would settle questions of general administration on which a common policy was desirable. He might also be specially concerned with the apportionment of resources available for development and with general matters connected with use of surpluses. No lines of policy have yet been devised in this country, for example, for determining the allocation of profit earned in state enterprise between the competing claims of such things as reduced charges to the consumer, improved pay or conditions for the worker, relief of taxation, capital development, reward for initiative, technical training, and the bettering of social amenities. It should be the function of this minister to determine such questions in accordance with the strategic policy laid down by the ministerial economic affairs committee. As in defence, " this will include the framing of general policy to govern research and development, and the correlation of production programmes."

At the fifth and final level are the economic departments for executive action. Their task is to carry out the policies which, under the ægis of the Minister of Economic Affairs, they have shared in elaborating. The ministerial head is accountable to Parliament for the application of policy by his department, and will answer for any features in that policy special to it. In fact, the minister retains all his responsibility for the activities of his department in just the same way as do the service ministers under the Minister of Defence. In addition, the ministers in this field are accountable for the way in which they exercise their powers over any subordinate bodies who may be charged with the direct provision of a service—such as electricity or railway services. It follows, therefore, that any functional boards for the provision of a service must be directly amenable to the Minister's authority, and cannot be independent powers in the realm. They must, on

the contrary, be answerable to the public through the Minister for their activities, and be organizationally integrated with the other branches of state economic service at the lower levels as well. It is not a corporative state but a social-service state to which they belong.

(ii) *Economic Planning and the Treasury*

It is important to consider the relations between such machinery for directing the nation's economic affairs and the authority responsible for state finance. It has been emphasized earlier that the negative approach which is apt to mark a ministry of finance because of its two principal duties of supervising and controlling expenditure and of raising funds by taxation is inappropriate to the planning of economic development. But it has also been seen that the Treasury is something more than a ministry of finance. In the financial sphere itself it has been driven by necessity into more positive and constructive functions, partly in relation to credit, banking, and investment, and partly through its added responsibilities which have come from the development of state enterprise and state social services over which it has varying degrees of financial control. Additionally it has, however, through its concern with machinery of government and its pre-eminent position among departments of state, a responsibility for the efficient working of administrative organization. This, combined with its special connexion with the Prime Minister, places it, more than any other department, at that supervisory level from which alone the task of co-ordinating the work of different departments can be undertaken. But this is another word for planning, and where economic departments are concerned, for economic planning.

The department which deals with state revenues and expenditures has, of course, to be intimately concerned with economic planning. Finance has its part to play at all stages in the making and application of economic plans. Given that finance is only a method of measuring economic realities, nevertheless it is a necessary method of measurement. Given also that finance is an

incomplete measure, it is a useful and valuable instrumentality of planning. It is the failure to recognize its limitations which makes of it a negative tool. Provided, therefore, that its use is informed by the spirit of that recognition, it must be admitted at the top as well as at the lower levels of planning.

For these reasons the approach to the question of government machinery made by Lord Beveridge in his schemes for "full employment" is not altogether satisfactory. He proposes "a Ministry of National Finance to determine outlay; a department for control of public expenditure, to ensure good value for outlay; a number of executive departments undertaking outlay up to the amount fixed by the Ministry of National Finance and under the supervision of the department of control. Outlay, however, must not only be sufficient in total; it must also, as the second condition of full employment, be directed rightly in relation to the available productive resources. Here two departments have important parts to play. One is the new Ministry that should become responsible for controlling the location of industry; it is suggested above that this should be a Ministry of National Development, covering the whole field of town and country planning, housing, and transport. The other is the Ministry of Labour, whose administration involves a continuous survey of employment and unemployment; its experience must be the basis of man-power planning; it is also the instrument for securing, by its own action and by the co-operation of employers and employees, the organized mobility of labour, which is the third condition of full employment."<sup>1</sup>

The two weaknesses of such a scheme are that it prescribes a divorce of functions which, as has been argued here, ought to be integrated, and that it unduly subordinates economic organization to finance. First, it separates planning from execution, placing the responsibility in distinct ministries, whereas the burden of evidence adduced here has been in favour of the necessity to concentrate the responsibility for both. It also divorces the planning of outlay from the control of outlay, and the latter, by implication, from the raising of revenue and general taxation policy. While the

<sup>1</sup> Sir William Beveridge, *Full Employment in a Free Society* (1944), p. 176.

control of outlay may be theoretically a subordinate function, it cannot in practice be separated from the planning of outlay. For control to be properly exercised it must be exercised in the spirit of the plan, in the detailed knowledge of what the plan means, by those who have shared in making the plan ; for plans to be realistic they must be adjusted to changes shown to be necessary in the exercise of control. Still less can such matters be divorced from revenue and such wider financial considerations as the expansion and contraction of credit. Surely it is impracticable to relegate the Treasury to the subordinate role of checking expenditure which it has no say in determining. How is it possible "to get good value for money," the function of the subordinate form suggested for the Treasury, without the power to decide on what the money shall be spent ?

But secondly, having relegated the Treasury to a status of subjection, Lord Beveridge appears to bring back finance into the position of ultimate authority. "The Minister of National Finance will be concerned not only with the outlay which the state can control directly, that of the state itself and other public authorities, but with the outlay of private citizens for consumption and in business investment." Taxation, price policy, control of investment, the guidance of public and private enterprise in the choice and timing of its reorganization are the instruments of national planning available to such a minister. Because the scheme is directed to the single aim of "full employment," to be achieved by controlling and directing purchasing power, it gives undue prominence to the financial aspects of state initiative and responsibility.

But full employment is a means and not an end, as Lord Beveridge himself recognizes. The end is the best use of national resources, the best sum total of production, the best organization of service, the fullest conformity in the use of wealth with social purposes—which include such other considerations than maximum production as leisure, defence, social services—the democratic participation on the part of the producer in the policy-making control of his line of production. It is not merely the evening out

of fluctuations in the amount and direction of purchasing-power. Nor is it a task in which the economic expert can have the last word, or which can be judged alone on his advice. The definition of the best is not an expert function but one of policy, springing from the ideas and values, as they combine in social purpose, of the community as a whole. Consequently other responsibilities of the state are at least as important as those of directing the flow of investment and spending on the basis of a revenue and expenditure, or even of a man-power, budget. The day-to-day running of an industry is no less vital than the character and timing of its expansion, the organization and management of current industrial activity than the development of new.

While the already mentioned instruments available to the finance minister, such as taxation and price policy, are necessary and useful ones, they thus form only a part of the whole machinery for the integrated control of national economic organization. And that is a function for an Economic Policy Committee of ministers, with a Minister of Economic Affairs or the Prime Minister as its co-ordinator. The former would, of course, include as finance minister the Chancellor of the Exchequer, but it would also set beside him the Ministers of Agriculture, Fuel, Labour, Transport, and all others concerned with economic services.

It should be clear by what has gone before that there are special reasons why the Treasury should be closely associated with national economic planning. This is not primarily because its financial function makes it a necessary party to expenditure by public authority. Nor is its financial experience the chief reason. Both its financial responsibility and its financial knowledge may be valuable assets. They entitle it to be represented at the level at which outlay is determined and on the stage where outlay is checked or controlled. They justify the demand from it of expert assistance at both levels. But they neither fit the Treasury for ultimate control of economic organization, nor make it the most suitable authority for that central planning on the basis of a reckoning of man-power, industrial resources, and their current organization in productive services, which should be undertaken

by the Economic Policy Committee, the Minister of Economic Affairs, and their staff. Even more important is the tradition which has made of the Treasury "the department of departments."

As has been seen, it has been regarded as having something of the character of a general staff. It has had co-ordinative functions in relation to the other departments. It has always been concerned with staff and organization throughout the government service. Through its connexion with the Prime Minister and the position of its permanent head as his chief adviser it has been brought more directly into contact with the collective responsibility of the Cabinet, as opposed to the individual responsibility of a ministerial head. Its concern has been with the inter-relations of departments, or what might be called joint planning in the administrative field. In short, it is the department responsible for the machinery of government. And the argument has been put forward above that second to the need for organizing the central direction of economic planning is the need for an authoritative body to create, maintain, and overhaul machinery of government. This alone would suffice to give to the Treasury a special place in relation to the supreme authority of the state for directing its economic activities. But that calls for separate treatment, which follows. For the moment it only need be claimed that enough has been said to warrant the assertion that it would be unwise to relegate the Treasury to subordination, and fail to make use of its special qualifications for co-ordination as well as finance.

### (iii) *Machinery of Government*

The case has already been argued for a more scientific treatment of establishment questions. It calls for a considerable enlargement of the division at the Treasury responsible for these. Concern with something called "machinery of government" has, indeed, for long been accepted as a part of the normal functions of the Treasury. But its exact definition does not appear to have been clear, and on the whole it would seem to have been regarded as equivalent to "establishments." The Select Committee's inquiry

revealed the Treasury as having, under the Permanent Secretary, two Second Secretaries with the status of the head of a first class department, one for finance and one for "supply and machinery of government." Below the latter were an Under-Secretary for supply and an Under-Secretary for establishments. The Committee, indeed, recommended that the machinery of government work should be raised in status, pointing out that the effect of changes since the creation of a special division for that work in 1919 had been, on the contrary, to lower its level: "the senior officer exclusively engaged on establishment work was formerly on the second (£3000) level and is now on the third (£2200) level."<sup>1</sup> Whether or not the Treasury's case be accepted that the joining of supply and establishments work is shown by its experience to be preferable, the important point is that the conception of machinery of government needs to be greatly enlarged. This was already true before the war. The development of vastly widened fields of state activity, and in particular the whole evolution of public enterprise in the economic sphere and of central economic planning, makes this a matter of the first urgency to-day.

The nucleus of a machinery of government department is already in existence. While it has one permanent head, the Secretary to the Treasury, it has two political heads, the Chancellor of the Exchequer and the Prime Minister. The former may be assumed to be active primarily in relation to finance and general questions of grading and pay. The Prime Minister is mainly concerned with the chief appointments and such bigger issues as the allocation of functions among departments. Clearly, it is to the latter realm of responsibility that machinery of government, properly so-called, must belong. Moreover, if this means anything, it must be a task which can only be undertaken at the highest level, the level of the Prime Minister and not of a departmental minister—of the Prime Minister as the chief repository of the collective responsibility of the Cabinet for good and efficient government in general. It is only from above that such work can be done as the

<sup>1</sup> Sixteenth Report from the Select Committee on National Expenditure, 1941-42, p. 26.

attribution of functions to departments, the supervision and co-ordination of their organization, the general overseeing of the operation of departments from the angle, not so much of the policies which emerge from them, as of their fitness for elaborating and executing policy. That this work of looking at public administration as such needs to be done is hardly open to question. Nor can it be doubted that it is both a specialized function and one that can be performed only from above, where a conspectus of the whole activity of government can be obtained.

There are several types of work which together compose the general function of dealing with machinery of government. The first is the periodical overhaul and review of what the Select Committee on National Expenditure called the "general lay-out of departments, and in particular the distribution of responsibility at the top."<sup>1</sup> Two consequences follow from the past custom of deriving the claim to such organizational supervision from financial responsibility, especially for "establishments." One is a greater concern with the lower levels—at which the majority of staff are placed, and where waste can superficially be most readily detected—with what the Committee called "the twigs rather than the branches and trunk of the departmental trees." The other is a diffidence in approaching the higher questions of structure of a department or service which is considered as being covered by the individual ministerial responsibility of its political head. It should not be left to the Foreign Office to discover twenty years late that the Foreign Service is not covering the economic and social content of international relations. Reform, it cannot be too often repeated, rarely originates within the institution requiring it, and this is all the more true the more fundamental is its nature. Both deficiencies need to be remedied by placing squarely upon the shoulders of a machinery of government department the responsibility for all organizational questions, and, of course, by giving to it the unchallengeable authority for dealing with them. How big a departure from past practice this would amount to should by now have become apparent.

<sup>1</sup> *Ibid.*, p. 28.

To the same department should belong the task, secondly, of ensuring a fully scientific treatment of all establishment matters. It would maintain contact with the universities and vocational or technical training authorities. Treasury minutes regulating the work and methods of the Civil Service Commission would be issued by it. So, more broadly, would the determination of conditions of recruitment to all forms of public employment, and of grading therein. The working of Whitley Councils, staff relations generally, and the whole of what has come to be known as personnel management in the field of scientific study should be placed under its responsibility. It would be concerned, too, with the development of training recently allocated to the Treasury, and would enter into close relations with the universities in that connexion. As the authority for superannuation policy it would devise this in consultation with other employing bodies, in order to secure maximum mobility of staffs.

It would be the authority for promotions. In elaborating its policy in this respect it would undoubtedly find a need for ampler information than is available from the present system of annual reports on each officer. This should be supplemented by periodical appraisal conducted by other persons than the official's immediate superior, in order both to equalize the opportunities of advancement throughout the public service and to widen the field of selection for each vacant post.

Such a machinery of government department should also be responsible for the physical conditions in which staff work. Office equipment is only a minor part of this. More important is the universal testimony to the inadequacy and inappropriateness of most of the buildings in which government departments are housed. These were constructed for the conditions of another age, and would long ago have been condemned to the scrap-heap by any progressive business undertaking. The time they cause to be wasted would have paid many times over for the cost of their replacement. They are a perpetual hindrance to the efficient and speedy conduct of affairs, and an unwarrantable strain on those who have to spend their working-lives in them. They are, too, a

standing disgrace to the ruling city of a great country. The fact that they have survived is itself unanswerable evidence of the lack of an appropriate responsible authority in the British system of government, an authority of the kind which is being suggested here. What is called for is a full replanning of the whole physical apparatus of administration. This should be conducted by the machinery of government department with the help of the Ministry of Works, and should be under constant review.

No less important is it that this department should be responsible for the whole field of public service. The idea that the civil service consists of a body of officials—policy-making, executive, and clerical—is long out of date, if indeed it ever can be said to have corresponded to the facts. It includes to an increasing degree professionals, specialists, and industrial workers, as well as a growing number of functional divisions, such as the foreign and colonial services and of special classes like taxation, labour, education, and auditing officers. Many of these belong to the period which preceded the growth of socialized economic services. Examples of these can be most obviously drawn from Post Office and Admiralty staffs. Consequently there is no warrant for the belief that the civil service can be regarded as a class apart from the general industrial, professional, and commercial population, nor that new or nationalized economic services embody elements of a character contrasted with the established services. Their elements are wholly comparable. And there is every reason, therefore, why the principles which the state applies to the latter, in the elaboration and application of which there is an accumulation of experience, and to which careful thinking has gone, should be made general among the state's employees. Failure to do this in newer services is already showing portents of disaster. Corruption and injustice and inefficiency were the price the country paid before the reforms of the nineteenth century in the staffing of public services ; it will pay the price again if it forgets the reasons for those reforms. The public conscience may be keener to-day, and a professional sense stronger in the public servant ; or perhaps it would be truer to say that public morality is set in different

terms, some of them superior. But if the safeguards against nepotism, favouritism, and more recondite forms of corruption than those of the passing of coin are discarded the results will be the same, and there are already signs of development in that direction. The safeguards are necessary in relation both to recruitment and to promotion. Professional codes of propriety require their support wherever public money is involved. And a public authority of the kind here proposed, specializing in the science and art of public administration, expert in the questions of organization and machinery of government, and responsible for the solutions adopted, is the natural body for securing them.

Finally, such a department should concern itself with research. It should collaborate actively with the political and social science workers of the universities. The promotion of comparative studies in the field of government, especially in the Dominions, Western Europe, the U.S.A., and the Soviet Union, ought to be its special care. Instead of awaiting the appointment of royal commissions and committees of inquiry, it should be in a position to forestall the sometimes tardy undertaking of such investigations. Through its concern with the sabbatical leave and advanced studies of civil servants, as well as with departmental organization, it should be able to foster and co-ordinate the contributions of officials to the growth of the science of public administration. To these ends it would no doubt find it useful to promote some temporary interchange between official and academic staffs, remembering how valuable the exceptional mobility between them proved during the war.

But it is essential that, if such a department is to be effective, its political head should be placed at the highest level. The weakness of the Select Committee's proposal for an additional political under-secretary at the Treasury, responsible for machinery of government and comparable in status with the Financial Secretary, is that such a junior minister would not be strong enough to counterbalance the authority of senior Cabinet ministers. While he is, no doubt, a necessary assistant to the Prime Minister, it is imperative that the latter should be the effective head of the

department. Indeed, so much is this work a part of the inevitable care of the Prime Minister, that it is difficult to see how he can properly perform his functions without the assistance which it would provide. It might be as well, therefore, that it should be called the Prime Minister's department, although it could retain its place within the Treasury, under the First Lord, and thus more easily grow out of the present Establishments Section of the Treasury. It follows, too, that its permanent head should continue to be the Permanent Secretary to the Treasury and Head of the Civil Service. For his status must be the highest in the service, and he must have constant and direct access to the Head of the Government.

#### (iv) *Public Relations Work*

The third and final development of new machinery which is needed can be dealt with more briefly. It was described above as an agency of information and public relations, the function of which shall be to organize and foster, at every level of the execution of plans, the understanding and co-operation of the public.

There has already been some recognition of this need, but so far its full implications have by no means been grasped. In both world wars it proved necessary to create a special ministry of information. True, a large part, perhaps the main part, of the work of this department related to the enemy and the presentation of the British case abroad ; but it would be a mistake to suppose that its domestic activities were not also of great importance. This fact has indeed been recognized by the decision to continue a diminished information department in peace-time. Total war requires the most comprehending participation by the public in the national effort as directed by the various organs of the state. Policy has to be effectively explained in order to unite the country behind it. Now, this is primarily the job of ministers, but there are two reasons why their work needs to be supplemented in peace-time as well as in war. First, state policy is much more complex, and is apt to take the form of detailed administrative regulations.

Complexity makes for difficulty of understanding. Not only do the general purposes of policy and the reasons for them require that authoritative exposition which a member of the government can best give, but specific and detailed application of policy in administrative decision needs factual explanation and relation to such declared purposes, and this calls for a continuing flow of information services. This function belongs to the executive level. And, secondly, so much more does state activity enter into the day-to-day lives of citizens that it has become vastly more vital that there should be available to the public the fullest opportunity for understanding its nature and meaning, and, indeed, for acquainting itself with the bare facts. At one level, the citizens' advice bureau is a recognition of the need for help and explanation. At another, the whole development of departmental public relations officers<sup>1</sup> to publicize departmental policies and make available to press and public the necessary information, as well as to counteract misunderstandings and criticisms based upon them, is also an acknowledgment of new needs. But here, too, it is not only to supply information, but also to encourage an understanding co-operation between the citizen and his official servants, and a sense on his part as well as theirs that they are joined in a common enterprise, that this kind of development is so important.

Criticism of the practice of appointing public relations officers is misguided if it assumes that their function is to act as personal publicity agents for ministers. The only just basis for it is the claim that the full implications of their duties have not yet been worked out.

For it cannot be too much stressed that the coming of the social service and collectivist state requires the conscious cultivation of a communal sense of ownership and responsibility. The profit motive of competitive industry, which monopolistic tendencies have already weakened, even in the field of private enterprise, has to be replaced by equally potent social conceptions. Such conceptions are latent, but need to be promoted. They are to be found

<sup>1</sup> Figures given in the House of Commons on February 3, 1947, show that there were then serving at home 332 officials engaged in such work (apart from subordinate clerical and typing staff), at a cost of £240,460.

actively in operation in professional life. They are potent forces in the defence services and the civil service. They have entered in large measure into the conduct of public enterprise, as well as to some extent into capitalist industry and commerce. But professional pride, the sense of communal ownership and common responsibility, and the idea of service, however much it may be true that in the long run they are the probable consequences of democratic development, merit conscious cultivation. Indeed, the most efficient running of state services requires that this need be recognized and met. The exact and detailed means are a fit subject for study and elaboration of policy by the proposed machinery of government department, but some lines can be suggested here.

Government information, publicity, and public relations services should be treated as an integrated whole. Each has its departmental aspects which call for work within the several departments by officials specially allocated for this work. But they and their work should also be brought together in a central office, where it can be collated to present a single picture, and whence can come common lines of policy. There would thus be developed that type of inter-departmental collaboration in a special function, over which a central department has general control, that characterizes finance and establishment matters, and has been proposed for machinery of government. To some extent, on the information side, this kind of collation and integration of material is being done by the Central Statistical Office in, for instance, the statistical digests it publishes.

The purposes of such a branch of the public service should be clearly defined, so that the means of achieving them can be kept constantly under review. In such a new field of public activity much has to be learnt, and frequent opportunities for improvement are to be looked for.

The value of compiling records of achievement and of laying down definite objectives to work to should be recognized without difficulty. The idea of the target figure for production has been commonly used during and since the war. There are other

methods, too, of encouraging a sense of purpose on the producing side of industry. Clear indications of planning should be supplemented by the promotion among those actually engaged in the execution of plans of a sense of direct responsibility.<sup>1</sup> Factory and workshop committees, and other means of bringing workers in to share in the processes of management, are one means of accomplishing this. They should be encouraged by ministerial and departmental policy, as implemented by such officials, to a consciousness of participating in the ownership of the service on which they are engaged, to a sense of professional trusteeship. Much can be done to foster a pride in achievement. And evidence can be given of public awareness of the value of services performed.

Similarly, consciousness of communal proprietorship can be cultivated among consumers and the public generally by taking them into the confidence of those responsible for supplying the service, revealing the difficulties as well as the achievements of the past and the plans for the future, inviting the public to make its own suggestions for improvement. Generally it is an alertness to public reactions to the provision of a service which is called for. Not a critically hostile attitude on the one side, and a defensive and complacent attitude on the other, but the fostering on both sides of the sense of sharing in a common enterprise which it is to the interest and pride of both producer and consumer to make as satisfactory as possible. In this connexion it is important to stress the potential use of local authorities as representative of regional elements of the consuming and owning public. Indeed, the principle of regionalism in the organization of public services needs to be carried much further. It creates two valuable possibilities ; one for the more direct association of the public with the working of a service, the other for developing some degree of competition or emulation between area organizations of the service. Both developments would be likely to promote the more satisfactory and efficient working of the service on a national scale. In some measure, too, it might be a means of bringing greater interest into the working of local institutions.

<sup>1</sup> The point has been reinforced and elaborated by Sir Oliver Franks in his *Central Planning and Control in War and Peace* (1947), especially Lecture II.

At this level it is clear that the functions of information and public relations officers on the one hand, and of machinery of government officials on the other, overlap. This in itself is surely an indication of the need for central direction of both. The work of both needs to be informed by the same spirit and communal purpose.

## CHAPTER VIII

### Some Conclusions : the Civil Service in the Twentieth-century State

#### (i) *A Comparison*

THE basic principles on which the great reform of the British civil service was built were being developed almost precisely a century ago. They have taken something approaching that time to work out. It can, indeed, still be said that their application is incomplete. While there is real truth in the claim that this reformed British civil service is one of the principal contributions made by England to political science and the art of government, it is also true that scarcely was it in process of creation before it was beginning to become out of date. Nowhere is there to be found a more just illustration of Burke's belief that the average man is fifty years behindhand in his politics. For the modern, positive, social-service state has long outgrown the conceptions for which this civil service was designed. That is by no means to say that these principles should now be discarded. On the contrary, their general theme, at least, retains its full validity. No case can be made for substituting patronage for entry by free and open competition. The need for a career service with a high professional standard is as great as ever. Nothing has occurred to diminish the advantages of promotion by merit over promotion by seniority. Above all, the necessity for a unified, or, perhaps, better to say an integrated, public service with common standards and codes is only underlined by recent extensions of its size and variation.

Rather must the present conclusion be that these principles require to be applied more fully and that additions must be made to them. For nothing springs more clearly from an examination of the discussions which centred upon the Northcote-Trevelyan Report of 1853 than the preoccupation with the social background

and antecedents of those who were to be recruited to the reformed service. They must be of suitable intellectual calibre, but they must also belong to the social caste which would place them on an easy footing with the ruling element of the community. That is the positive side of the lesson to draw from those discussions. The negative side is equally important : what was not demanded of the new recruits to official service. These were the qualities of initiative and enterprise, of originality and constructiveness of mind, of human understanding and democratic contact, of scientific training and acquaintance with social studies. Yet these are precisely the qualities most urgently in demand for the public servant of the twentieth-century state. Both by modification of the recruitment examination and by subsequent training, provision has to be made to supply them. An upgrading of the scientist in the service and a placing of him closer to the centres of decision in the administrative structure of the service have also to be adopted.

#### (ii) *The Measure of Failure*

The established civil service structure is divorced from the tendencies of the new society at its most important points. Its strict hierarchical divisions tone ill with democratic mobility and flexibility ; status and discipline are ideas with more force in an authoritarian than an equal society, yet their rigidities have set all too clearly on the civil service. Modern social organization is, above all, technical in its most typical characteristics, but despite the necessarily wholesale intrusion of the technician into the administrative structure this retains an undue emphasis on the classical tradition. The public has become increasingly the owner of what was previously private enterprise and private property, and the co-operative participant in the provision of social services ; nevertheless there persists a segregation of the central official and an unwillingness to take the public into his confidence, a preference for administering the public rather than aiming at its responsible collaboration at every stage in the planning and execution of policy.

There must be greater democracy in the internal organization of departments. Fuller and wider opportunities of promotion are needed, accompanied by a much more consistent policy of assessing the qualities, encouraging the inventive work, and fitting to the appropriate posts throughout the service, of the official. The lack of ordinary day-to-day contact between officials of different status should be diminished by conscious policy. No department, for instance, should be without its common-rooms, where staff of different rank and status meet one another informally. The segregation of the civil servant from the rest of the community should be counteracted by ensuring that he is given, at different stages in his career, contact with other grades of the service and with the general public he serves. Indeed, there should be a maximum of both types of contact.

As has been said, since the ultimate responsibility for all administration rests with the politician, it is difficult precisely to assess the degree to which administrative failure must be attributed to the permanent officials. But they cannot be exonerated. Individually they may have been admirable during the inter-war years, and there are many outstanding exceptions to any general stricture on their contributions in those years. There was a cumulatively weighty burden of discouragement to progress imposed by a succession of uninspiring ministers. But the administrative system and the general body of administrative officials, taken as a whole, cannot be dissociated from the results of inter-war administration as these have been thrown vividly on to the screen by the contrast of the war and reconstruction years. The measure of that failure can best be seen department by department, comparing the achievement with what later events were to prove to have been the need and the potentiality. It required the impetus provided by war, and the incursion of new men into all departments, to show how much had not been done, and could be done, in one field of state activity after another. By comparison with later policy it becomes clear how much could have been done to provide for the social and economic development of the colonies, for the extension of education, for the proper

circulation of food, for the improvement of health services, for the reform of the foreign service, for the clearing up and improvement of social insurance, and in the field, too, of financial policy. No one who reads the Gort despatches or who remembers the perilous shortage of munitions, tanks, and aircraft in 1940 can believe that this was in no measure due to administrative failure. That the complacency of the politician of the period was shared in some degree by the official is the inescapable conclusion. For even if the government refused money, much could have been done by way of administrative reorganization without it, and much to prepare the way and make an unanswerable case for it.

Again, there is ample evidence of the absence of administrative adaptability in the references which have been given here to the strictures passed by the Bridgeman Committee on the financial ordering, the departmental structure, and the place accorded to both the technician and the regional interest within it, in the Post Office. Reform came there, it is true, as a result of that inquiry, but elsewhere subsequent events have proved the need for equally stringent reform. In some degree, too, the development of new public services outside the ambit of the civil service, in the form more especially of the economic services and public corporations discussed in Chapter V, is a reflection on the ability of civil service structure to adapt itself to the growing needs of the social service state. An expanding administrative structure should have been able to absorb and integrate with itself the growing specialized services of the state. Although steps have been taken in that direction, it has yet to prove that it can.

### (iii) *The New Society*

The regulatory state has given place to the social service state. Public responsibility is now admitted for the securing to every citizen of an important body of his fundamental needs. Free and enforced educational provision is made for him, with much assistance for further training in technical institutes and universities. His care is organized through a national health service. There is

local and central responsibility for housing him. An elaborate insurance system has been constructed to meet the contingencies of sickness, accident, and old age. When he is unemployed the community recognizes a responsibility for his maintenance and for assisting him to obtain and train for work. The state has undertaken also the task of organizing and applying research for industrial, agricultural, and defence purposes.

But these are only some among the most obvious characteristics of the new society. The community has become the owner of a large field of national resources. Its officials are responsible to it for organizing their use in the provision of all kinds of transport services, in the generation and supply of electricity, in the planning and development of new towns and the location of industry. They are also endowed, under Parliamentary control, with extensive powers of direction over a much wider economic field. Financial and credit policy and the control of money are, to an extent hitherto entirely unknown, the affair of the state. So is the control of land and agricultural development. The society is increasingly a planned society, with the state as purchaser and distributor and a society composed of citizens with equal claims. Communal participation in ownership and control is one of its central ideas.

All this requires a body of public servants vastly more complex in organization and more various in skill and training than was necessary for the society to whose needs the reformed civil service of the nineteenth century was adapted. Just as at that time the changing conceptions of the place of the state in society and of its functions set an administrative problem to the aristocratic or oligarchic system of government by landed proprietors which it supplanted, so do the needs of the twentieth-century state set an administrative problem. It would indeed be surprising if the scheme devised for the one were adequate for the other. In fact, of course, it is not, but it survives into the present, and there are as yet no signs of the recognition that it calls urgently for reform comparable in quality and extent to that inaugurated a century ago, but a reform which in this case cannot await the slow and leisurely

methods of implementation which sufficed for the *laissez faire* state. Since so much more depends upon efficient public administration in the circumstances of the present, so much greater is the need for full and immediate attention to reform.

#### (iv) *Its Administrative Needs*

The general lines which such reform needs to take have been suggested already, in relation both to Treasury control and to the machinery of central direction. There can surely be no doubt that upon such development depends the success of the experiment in the great extension of the social service state which has so recently taken place. It is not sufficient to have the idea of the democratic state running its own principal services. The purpose has to be achieved by continuous and well-directed effort. The means to achievement are, above all, a properly selected, trained, and organized administration and a public alive to its basic principles and vigilant in their defence. Other good ideas have failed for just the lack of the practical application of scientific principle. For instance, "the Greeks had the idea that the decisions of the governing body of the state should be subject to laws which that governing body could not change. They saw that that limitation should be made operative by a law court. For lack of a trained judicature they never made that control effective."<sup>1</sup> The need for state planning is apparent, and, indeed, efforts to meet it are in operation. So is the need obvious, too, for the active participation by the ordinary citizen in the processes of administering his common concerns. But the machinery is not yet adequately devised for meeting either need. Was the nineteenth-century civil service, though trained and designed for other things, capable of growing into an administrative organization suited to these? The answer is that it can be made so, but not without a realization of its natural shortcomings and a conscious policy of reform based on a scientific treatment of the problems of public administration.

It is not only changes in machinery—important though these

<sup>1</sup> A. D. Lindsay, *The Modern Democratic State* (1943), p. 14.

are, and essential to efficiency—that is required, it is a change of ideas. It is that difference of approach which comes from something in the nature of a spiritual conversion. Indeed, the fundamental test of the ability of democracy, as this is understood in the Western World, lies in its capacity to inspire a new faith in the possibilities of co-operative effort under collective planning. The zeal is called for that can come only from a profound conviction of the value of the high calling for service of the common good. The great advantage possessed by the Soviet Union is the capacity it has shown for inspiring just such a faith. That must be produced also in the conditions of a more free and tolerant society with the tradition of greater respect for individuality. And there is much, too, that can be learned from the experience in organization of the U.S.S.R.

Not the least of those lessons is flexibility and speed of adaptation. "The Plan itself is sufficiently flexible (prospective, annual, quarterly, and, in some cases, monthly) to allow for revision and adjustment in the course of its fulfilment. All plans gave priority to 'leading links,' other tasks and estimates being made to fit in with them. Experience showed that planning is not like some automatic clockwork which will carry on automatically once its relations and proportions have been established, but that it is more like a living creative organism in which the planning organs must be in constant touch with all the living tissues which constitute the organism of national economy. Plan-fulfilment supervision became a most important function of the planning authorities, and they had to devise practical solutions for an ever-increasing number of problems (*e.g.*, the technical plan, the elaboration of qualitative indices for a quantitative control of plan-fulfilment, the strengthening of planning co-ordination, and, parallel to this, the need to increase decentralization in the management of individual branches of the national economy)."<sup>1</sup>

The British system, despite the very considerable experience gained under the compelling necessity of war conditions, is at an

<sup>1</sup> Alexander Baykov, *The Development of the Soviet Economic System* (1946), pp. 463-464.

earlier stage of development, and is likely to show quite different an evolution in many respects. But the same need exists for forging effective links between central planning and executive application through which there can be rapid transmission both upward and downward. The model is to be found close at hand in the experience of the best methods of securing Treasury control. The link has there been the finance officer in each department, who is both an outpost of the Treasury—in some sort its agent for transmitting policy downward—and an interpreter of the department to the Treasury, keeping it in contact with departmental experience. An extension of this mode of administrative organization into several new fields is called for. The establishment officer is already one example of extended use of this mechanism, performing the same function for staff matters as the finance officer does for finance. Integration is imperatively needed in such other functions as machinery of government, training, public relations, and in economic planning itself. And what is true of the relations in the past between the Treasury and the administrative departments is true for the future, not only in their case, but in the relations between central direction and economic and social services. Through what may have to prove a considerable enlargement of this mode of administrative co-ordination there must be an integration of all the several public services—civil, scientific, economic, and public utility services—into a single public service.

At the same time, the simple hierarchy of the nineteenth-century system has to give place to a much wider complexity, and a recognition at one and the same time of both greater divergencies and greater call for uniting them into a single framework, with the maximum interchangeability between them. That implies a less hierarchical rigidity and more flexibility of grading, as of individual opportunity. But such reform cannot be undertaken without a much larger and more effective "staff department" of the state or branch of the machinery of government department already proposed.

Conversion of this kind, both of the spirit and of the machinery of administration, has to be undertaken without the resort to

purges in the transitional period such as characterize a revolutionary transformation. The adaptability of the civil service, particularly with the addition to it of new elements recruited from war-time experience, and with the association with it of new specialized and economic public services, is certainly very considerable. There is no need to fear that at least the younger elements in its ranks are impervious to the instilling of a new approach. But it is equally certain that over the whole field the power must exist, and be applied, which has recently been conferred on one minister, the Foreign Secretary, to retire those who are found unsuitable for promotion to the highest administrative offices on proportionate pension. For whether the argument be *a priori* or by induction from experience of the past working of the civil service in particular and administrative organization in general, it is indisputable that the greatly changed and enlarged needs of the twentieth-century state demand bold measures of reform.

#### (v) *Planning and the Official*

Post-war economic crisis affords strong evidence to support the main arguments here. It underlines the need for definite planning and firm direction. The strong popular demand is revealed by it for initiative and leadership from the official side. More and better forethought and organization, and not less planning, is the burden of the claim. It shows a general tendency to impatience with statements of what are the first things, unless accompanied by an indication of the practical measures being taken to render them effectively the first things. There has grown up through the war a sense of purpose lacking before—a confidence that targets can be reached and objectives secured, provided only that social resources are properly used. Nor is this unaccompanied by the recognition that austeries have to be imposed in the general interest. What will not be accepted is tenderness for anti-social interests and activities in any quarter, or lack of enterprise and imagination, of efficiency and firmness on the official part. There is no disposition to welcome state-imposed discipline for its own

sake or as an escape from personal responsibility, but there is a widespread willingness to accept it where it can be shown to be a necessary condition of social betterment.

This has its bearing on the type of official who is needed, on his relations with the public, and on the machinery of government in which he is organized and through which he operates.

In the first place, it throws into relief the need for an informed public. But that phrase has now acquired a larger and a more positive meaning. It no longer implies simply that the facts should be made available in official publications, in the press, and through departmental pronouncements. Reliance cannot be placed on a *laissez faire* policy of putting out the facts—or some of them—and hoping for the best. In a democratic society planning has to be built upon persuasion, and this requires constant and conscious effort. It has to be carried out with a large degree of voluntary co-operation by the ordinary citizen, and that means he must feel that the plan is in a real sense his own. This is not to say, of course, that the coercive powers of the state are not to be used. They must be used; but state control should be over things rather than persons, over the application of the material resources of the country rather than by way of direction of persons or dictation of personal choice. Where the latter is concerned the state has to work through persuasion, education, consultation.

Thus, an informed public implies a conscious effort to inform it, a blend of the arts of publicity and education. It means choice of the right terms, the right medium, and the right time. It means to avoid speaking with conflicting voices, to know when to keep silence, and how to strike the middle note between undue despondency and false optimism. But, in addition, an informed public requires a more intimate association between officials and special sections of the public—mainly vocational groups. This does not mean only an organized spokesmanship, channels of information, and interpretation to trade, factory, and so on; it involves the linking of this with discussion and consultation, cultivation of the sense that the official's policy is the choice of the citizen serving his own ends, both as a person and as a member

of society. It cannot be too much emphasized that the co-operative commonwealth demands a different type of association between official and producer, between these two classes of public servant, from that which prevails, and suffices, where the production of goods and services to satisfy the community's needs is left to the undirected flow of competition, and the official has at most to see that certain rules for health or safety are observed. The war-time factory and workshop committees and agricultural committees need to be made general, to be extended in function, to be co-ordinated and linked with the work of the official—part of whose training it should be to make himself familiar with their working, and to learn how they can become increasingly a part of administration.

Secondly, it has to be ensured that the channels of information flow adequately upward as well as downward. That applies to knowledge of opinion as well as of fact. The formulation of day-to-day policy and, still more, the making of longer-term plans require a body of accurate and comprehensive information on which to build. That would appear elementary. If the Central Electricity Board makes a wrong estimate of its coal requirements it may throw the whole of planning out of gear. Where margins of permissible error are small careful counter-checking is called for. And there must always be provision for speedy adaptation of plans to meet sudden or unexpected changes.

For, thirdly, it cannot be too much stressed that the purpose of planning is not analysis but solution. Careful examination of the nature of the problem may be necessary before it can be solved. To survey conditions comes first: in the light of that survey, to put forward objectives which are within the bounds of possibility must follow. Each is a necessary part of the task of planning. Both are valuable means of informing and educating the public. Nothing of the nature of the White Paper, *Economic Survey for 1947*, had been attempted before, and it set a most valuable precedent. The comprehensive account of the economic situation, the call for constructive effort, and the indication of the directions in which that effort should go, show a grasp, an initiative, and a

sense of national leadership. In it there is the first element of economic planning, a statement of the most urgent economic problems, and an indication of the course to set for their solution. For this kind of analysis, objective and scientific, the civil service and the machinery of government are eminently competent. But it is, of course, only the first stage of planning, and the real test comes in application. It is there that a disposition to reform old methods and adopt new ones—on lines suggested earlier in this study—is most urgently called for.

It may be true that, as the Survey says, “the task of directing by democratic methods an economic system as large and complex as ours is far beyond the power of any government machine working by itself, no matter how efficient it may be. Events can be directed in the way that is desired in the national interest only if the government, both sides of industry, and the people accept the objectives and then work together to achieve the end.”<sup>1</sup> But more can be done by improving the efficiency of the government machine itself.

Again, “the government must lay down the economic tasks for the nation ; it must say which things are the most important and what the objectives of policy should be, and should give as much information as possible to guide the nation’s economic activity ; it must use its powers of economic control to influence the course of development in the desired direction. When the working pattern has thus been set, it is only by the combined effort of the whole people that the nation can move towards its objective of carrying out the first things first, and so make the best use of its economic resources.” Such exhortation is, no doubt, one of the instruments by which plans are applied, but it is only one of them, and it is no substitute for the “powers of economic control” which the government must use.

Such powers of control are many. In war-time, it should be said at the outset, their operation is considerably simplified, as it is in the totalitarian state, above all because they include the power to direct labour. What are they in a peace-time democracy such

<sup>1</sup> Cmd. 7046 of 1947, para. 27.

as Great Britain? There is the power to direct all state activity and socialized industry. "The policies of the socialized industries and services have a substantial effect upon the whole economy, and are ultimately subject to government control."<sup>1</sup> It is of the first importance, as has been argued already in connexion with state services under semi-independent boards, that this control should be effective. The control must not be so 'ultimate' as to create gaps in time and intention between state policy and its implementation in state services. Where, for instance, it is the government's general man-power policy to encourage the maximum use of the willing labour of women, it should be inconceivable that a state transport service should proceed to replace women by men.

It is mainly, of course, through the powers of licensing the use of scarce resources, of controlling the use of foreign exchange, of determining the availability of raw materials, and of rationing consumption that the government can influence the flow of economic activity. Much of the degree of its authority here depends on scarcity, and is of diminishing effect as scarcity lessens. In the main, this kind of instrument proves effective for determining priorities; it may generally, but need not always, ensure that they are fulfilled.

Fiscal policy, tariffs, taxation, price control, the control of investment—all furnish further means of indirect influence on economic activity. They are on the whole again, however, of a negative character, preventing or discouraging particular uses of resources rather than ensuring particular uses.

More positive and effective may be such things as direct government purchase, whether with the object of guaranteeing sales to the producer for the home market or for export, or for the purpose of ensuring supplies at a known price to the producer or the consumer. Both have been applied in particular to agricultural produce and other foodstuffs, especially during the war, and to industrial and armaments supplies to the forces. It may well be that extension of this kind of influence upon economic activity will

<sup>1</sup> Cmd. 7046 of 1947, para. 26.

prove a necessary means of ensuring the application of plans. Subsidy and the direct provision of factories and other amenities to particular industries or areas are further means of state-provided incentive that may assist the achievement of planned objectives.

The most effective instrument of all is direct state development, whether through central government agency, local authorities, or socialized services and industries.

But it is clear that further powers are called for. While some of those needed for war purposes become obsolete, it does not follow that the residue are necessarily the most useful for peace-time control of production. Man-power shortage may imply the need for discriminatory measures against the wasteful use of labour. If the country needs 100,000 more miners or textile workers it may be justified in discouraging or even banning the employment of three or four times that number of persons in betting or football pools.

The purpose here, however, is not to assess the merits of different policies, but to point out that the need to choose implies appropriate changes in staff and machinery of government. The positive state and planned society require a more democratic public service and a more flexible system of administration. The proper use of such powers and the adequate performance of such functions demand qualities of enterprise and acute social consciousness in the official as well as a peculiar degree of integration and co-operation in the scheme of public administration.

Post-war crisis has already given disquieting signs of administrative inadequacy. There is nothing to suggest that changes have been conceived in a temper of sufficiently radical reform. The magnitude of the country's economic problem may have been grasped on paper; it is not matched by the measures taken to solve the problem. There are not wanting economists to claim, too, that even on paper the problem is set in too narrow terms, with too little attention to planning over a long enough period to be effective, or to the radical measures required—such as "large-scale introduction and training of foreign labour; a radical scaling down of our international commitments, and thus of the size of

the armed forces ; restrictions of employment in unessential industries ; a reshaping of existing systems, and of the relative scales of wage payments ; the concentration of output in the most efficient plants ; far-reaching measures of rationalization and standardization of production.”<sup>1</sup>

Unfortunately the besetting administrative sin, to which reference has been made already, appears to be clogging development. Excessive caution marks the whole approach to practical remedies. In one field after another the same picture unfolds—of issues requiring a breadth of ideas and an inventiveness of mind not forthcoming. “ Too little and too late ” has too often in the past been the administrative motto for it to be readily supposed that the tempo and atmosphere this implies can be changed without, at the highest level, clear thinking on administrative organization, firm direction, fundamental reforms, and strenuous and sustained endeavour. A tinkering with machinery is not enough. A new temper has to be instilled into it. To suppose that minor and surface changes in the personnel and apparatus of government, suited for the nineteenth-century state, are likely to suffice for the needs of to-day is to court disaster. On the side of statutory change—in the legislative enactments developing social services, and placing successive industries under public responsibility and control—great moves have been made. But by enlarging its field they have served to accentuate the problems which face public administration. It is there that the chief weakness and, therefore, the need for radical reform most urgently lies. Above all, it should be emphasized that true caution at a time of danger may be expressed in the disposition to take speedy and far-reaching preventive measures rather than to leave things as far as possible as they are.

<sup>1</sup> Mr N. Kaldor in *The Times*, February 25, 1947.

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can be adapted to present and future needs. How are they to be so applied as to ensure efficiency in communal, economic, and socialized services ? That is a question which affects every citizen to-day and to which Mr Greaves provides an answer that can be approved or rejected—but not with justice ignored.

The author's knowledge, and his ability to see matters in historical perspective, enable him to avoid the distortions of partisanship, while his discourse is invigorated with keen perception and a shrewd choice of phrase. Many of his proposals are controversial, and some could be regarded as revolutionary, but every responsible person should consider them carefully from the personal as well as the national point of view.

Among others, politicians, economists, and civil servants themselves will appreciate the value of a book which treats the civil service not as a phenomenon of our time for praise or blame, but as an institution which has developed in and because of the highly organized state of society that has been evolved in Britain.



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